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UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration  
Washington 25, D. C.

September 26, 1952

1953 Peanut Memo No. 1

To: Chairman, State PMA Committee, Peanut Producing States

From: Assistant Administrator for Production

Subject: Peanut Marketing Quota Meeting in Atlanta, Georgia -  
October 17, 1952

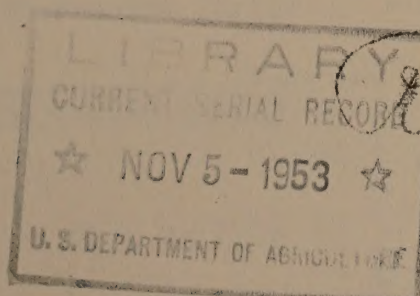
The Fats and Oils Branch has called a meeting in Atlanta, Georgia, on October 17, 1952, for the purpose of formulating the regulations, instructions, and forms to be used in connection with the allotment phase of the 1953 peanut marketing quota program. The meeting will begin at 10:00 a.m. eastern standard time, Friday, October 17, 1952 at the Atlantan Hotel.

The person in your office who is in charge of the allotment phase of the program should attend this meeting. In view of the relatively small volume of peanut farms in Arizona, California, and Missouri, attendance by a representative from these States is optional. It is expected that the meeting will deal almost entirely with operating details; therefore, attendance by a member of the State Committee is left to the discretion of the committee.

A folder containing copies of the proposed regulations, instructions, and forms to be used for 1953 is enclosed. Each of these documents and forms will be discussed in detail at the meeting. The person representing the State Committee should bring the folder to the meeting and should be thoroughly familiar with the contents of each document in the folder.

The Atlantan Hotel has assured the Fats and Oils Branch that rooms will be available for all persons who attend the meeting. It will be necessary that you notify Mr. H. J. Donohue, Manager, Atlantan Hotel, as soon as possible, giving name, time of arrival, and the fact that you will attend the PMA peanut meeting.

Enclosure







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UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration  
Washington 25, D. C.

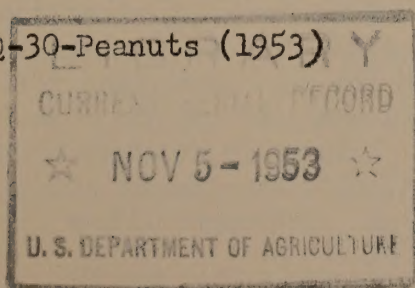
September 26, 1952

1953 Peanut Memo No. 2

To: Chairman, State PMA Committee, Peanut Producing States  
From: George L. Prichard, Director, Fats and Oils Branch  
Subject: Marketing Quota Allotment Regulations, Forms, and  
Instructions for 1953

Listed below are the peanut marketing quota regulations, forms, and instructions which will be used in establishing allotments and yields for the 1953 crop of peanuts.

- |                        |   |
|------------------------|---|
| 1023 (Peanuts-53)-1    | - Marketing Quota Regulations - Peanuts of the 1953 Crop                                      |
| 1023 (Peanuts-53)-2    | - County Office Instructions for Determining Allotments and Yields - Peanuts of the 1953 Crop |
| 1023 (Peanuts-53)-3    | - State Office Instructions for Determining Allotments and Yields - Peanuts of the 1953 Crop  |
| PMA-529-Peanuts (1953) | - 1953 Peanut Listing Sheet   |
| MQ-24-Peanuts (1953)   | - Notice of Farm Acreage Allotment and Marketing Quota for Peanuts                            |
| MQ-25-Peanuts (1953)   | - Application for New Farm Allotment and Marketing Quota - Peanuts - 1953                     |
| MQ-29A-Peanuts (1953)  | - Release for 1953 Only of Unused 1953 Farm Peanut Acreage Allotment                          |
| MQ-29B-Peanuts (1953)  | - Permanent Release of Unused 1953 Farm Peanut Acreage Allotment                              |
| MQ-30-Peanuts (1953)   | - Application for Adjustment in 1953 Farm Peanut Allotment from Released Acreage              |





Page 2 - Chairman, State PMA Committee

Since it is urgent that print orders be placed at an early date, it is requested that you advise this office not later than October 17 of the estimated quantities of regulations, instructions and forms that will be needed in your State in connection with the 1953 program.

Proposed copies of each of the above listed documents were forwarded to you with 1953 Peanut Memo No. 1.

*George P. Harlow*



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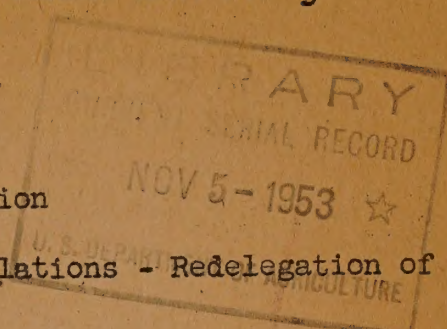
UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration  
Washington 25, D. C.  
November 18, 1952

1953 PEANUT MEMO NO. 3

To: Chairman, State PMA Committee  
Peanut-Producing States

From: Acting Assistant Administrator for Production

Subject: 1953 Peanut Marketing Quota Allotment Regulations - Redelagation of Authority by State Committee



Enclosed are several copies of the marketing quota allotment regulations for the 1953 crop of peanuts. A full supply of the regulations will be forwarded to you within the next two weeks.

Section 729.432 of the regulations provides that any authority delegated to the State committee by the regulations may be redelegated by the State committee. Under this provision any function delegated to the State committee by the Secretary in the regulations may be assigned by the State committee to any member of the State committee, the county committee or any member thereof, or any employee of the State office.

Section 3(a) of the Administrative Procedure Act requires all delegations of final authority to be published in the Federal Register. If any of the functions delegated to the State committee by the regulations are to be redelegated to any of the persons referred to above or to the county committee, it will be necessary that the fact that such a redelegation has been made be published in the Federal Register. You are, therefore, requested to determine at the next meeting of the State committee which of the functions, if any, are to be redelegated and to forward to the Fats and Oils Branch a report showing the Section of the regulations which contains the function to be redelegated and the person or office to whom such function has been assigned. If none of the functions delegated to the State committee is to be redelegated, your report should so indicate. For your convenience there is enclosed a form which may be used in reporting the information requested in this memorandum. We have indicated on the form the functions which we believe should not be redelegated and should be performed by the State committee.

In administering the peanut marketing quota program, it is important that the State committee carefully exercise any authority vested in it by the regulations, and that no other committee or person act for the State committee unless the authority to do so has been formally redelegated by the State committee and published in the Federal Register. For example, if the regulations provide for a certain function to be performed by the State committee, it is necessary that the action be taken by the committee as a whole and not by the chairman of the committee or any employee. As you know, the marketing quota program is regulatory in nature - unlike the benefit programs such as the agricultural conservation and price support programs. If a producer is dissatisfied with the allotment or quota established for his farm by the county committee, with the approval of the State committee, he may have the actions of the committees



reviewed by either a State or Federal court. In any suit, the Government's case would be prejudiced if it were pointed out to the court that a function in connection with the case which the published regulations provided would be performed by the State committee was actually performed by a member of the committee or a State office employee.

This report has been approved by the PMA Reports Committee and assigned Control Number FO-43R.

*H. L. Manwaring*

Enclosure



AUTHORITY DELEGATED TO STATE COMMITTEE BY THE 1953 PEANUT MARKETING  
QUOTA ALLOTMENT REGULATIONS

Section of the Regulations	Function to be Redelegated	Person or Office to Whom Function Redelegated
729.411 (h)(i)	Concurring in or rejecting the county committee's recommendation in individual cases concerning waiver of the excess acreage limitation in connection with determining farm peanut acreages.	
729.414	Recommendation to the Secretary concerning the apportionment of the State allotment to counties. (This function should be performed by the State committee).	
729.416	Determining if the State allotment is to be apportioned directly to farms. (This function should be performed by the State committee).	
729.418 (b)(5)	Determination of the acreage available for making upward adjustments. Allocation of such acreage to county committees. Determining whether county committees shall make upward adjustments prior to or subsequent to determining preliminary allotments. Concurring in or rejecting the county committees recommendations in individual cases concerning waiver of the adjusted acreage limitation.	
729.419	Concurring with or adjusting the percentage reserves for corrections and for small farms recommended by the county committee. Determining whether the reserves for corrections and for small farms shall be held as State or county reserves.	
729.421	Concurring in or rejecting the county committees recommendation in individual cases concerning waiver of the farm allotment limitation.	
729.422 (a)	Concurring in or rejecting the county committees recommendation increasing or decreasing allotments for divided farms by not more than the larger of one acre or 10 percent of the 1953 allotment. Determining allotments for farms which resulted from a farm which was divided in settling an estate.	



Section of the Regulations	Function to be Redelegated	Person or Office to Whom Function Redelegated
729.424 (a)	Reviewing, adjusting, and approving new farm allotments recommended by the county committee. Concurring in or rejecting the county committee recommendation in individual cases concerning waiver of the new farm allotment limitation.	
729.424 (b)(1)	Establishing a closing date for filing applications for new farm allotments. (This function should be performed by the State committee).	
729.424 (b)(4)	Concurring in or rejecting the county committees recommendation concerning the waiver of the new farm eligibility requirement which states that the farm is the only farm owner or operated by the operator or owner for which a peanut allotment is established.	
729.426 (b)	Determining if the operator's failure to furnish proof of disposition of peanuts was unintentional.	
729.426 (c)	Establishing a closing date for the beginning of the normal planting season for each peanut county.	
729.427 (a)	Establishing a closing date for releasing farm allotments. (This function should be performed by the State committee).	
729.429 (b)	Establishing a closing date for filing application for released acreage. (This function should be performed by the State committee).	
729.429	Determining a reserve for correction of errors in data used in apportioning to farms any additional allotment which may be allotted to the State for types of peanuts determined to be in short supply for 1953.	
729.430	Reviewing and approving farm allotments recommended by the county committee.	



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UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration  
Washington 25, D. C.  
November 18, 1952

1953 Peanut Memo No. 4

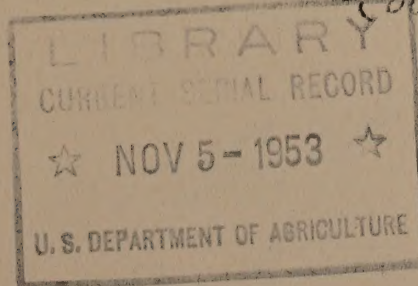
To: Chairman, State PMA Committee, Peanut-Producing States  
From: Robert M. Walsh, Acting Director, Fats and Oils Branch  
Subject: Instructions for Determining Allotments and Yields - Peanuts  
of the 1953 Crop

Enclosed are several copies of the State and county office instructions for determining 1953 allotments and yields. A full supply of these instructions will be forwarded to you within the next ten days. Several copies of the regulations concerning this same subject were transmitted to you by 1953 Memo No. 3.

The forms to be used in connection with the 1953 allotment program will be forwarded to you on the dates indicated below:

<u>Forms</u>	<u>Date of Shipment</u>
PMA-529 - 1953 Peanut Listing Sheet	November 15, 1952
MQ-24 - Notice of Allotment	December 1, 1952
MQ-25 - Application for New Farm Allotment	December 1, 1952
MQ-29-A - Temporary Release of Allotment	December 1, 1952
MQ-29-B - Permanent Release of Allotment	December 1, 1952
MQ-30 - Application for Released Acreage	December 1, 1952

Enclosures







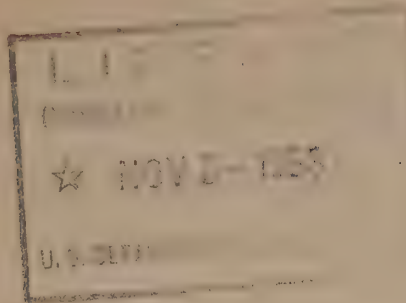


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United States Department of Agriculture  
Production and Marketing Administration  
Washington 25, D. C.

1953 Peanut Memo No. 5

November 21, 1952



To: Chairmen, State PMA Committees, All Peanut Producing  
States  
Directors, PMA Commodity Offices, Dallas, New Orleans,  
San Francisco  
Managers, Peanut Cooperative Associations

From: George L. Prichard, Director, Fats and Oils Branch

Subject: Items for Discussion at 1953 Peanut Price Support  
Meeting

Acting Administrator Roy W. Lennartson's memorandum of November 14, 1952, informed you of the meeting to be held in Washington on December 16 and 17 to discuss the 1953 peanut price support program.

Attached is a list of items which are proposed for discussion at the meeting. We will appreciate your giving serious consideration to these points and being prepared to report on 1952 operations as indicated. Any additional subjects which you wish to discuss may be brought to the meeting or submitted to us by December 5 for inclusion in the agenda.

We have informed the major farm organizations, the three sheller associations, and the associations representing the end users regarding the dates of the meeting, and will invite them to attend the afternoon session on December 17, if they prefer to come to Washington on that date instead of attending meetings in the three peanut areas which we plan to hold early in 1953.

Attachment.



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Items for Discussion at 1953 Peanut Price Support Meeting,  
to be held at Washington, D. C.  
on  
December 16-17, 1952.

I. Opening statement (Administrator)

II. Review of 1952 Program

A. Remarks by each of the co-op Managers covering:

1. The prices received by producers.
2. The quantities of peanuts received by the co-op in each of the two segregations.
3. The co-op warehouse situation, including both warehouses under the receiving and warehouse contract and those owned or leased and operated by the co-op.
4. Quantities of peanuts sold by the co-op and prices at which sales were made (i.e. whether sales were made at the minimum prices or at prices above the minimum)
5. Current inventories of peanuts in co-op warehouses.
6. Prospects of distribution payments to be made by the co-op.
7. Problems encountered.

B. Remarks by each State committee representative covering:

1. Extent of educational work in 1952.
2. Summary of producer loan and purchase agreement operations and operations with the co-op.  
Indicate the number of farm storage loans made and number of purchase agreements signed to date.
3. Problems encountered.

C. Remarks by Fats and Oils Branch representatives:

1. General comments.
2. Review of supply and demand situation.
3. Storage research project and grading studies.



4. Warehouse buildings constructed in Virginia, Oklahoma and Texas.
5. Handling and receiving of producer loan and purchase agreement peanuts to be delivered to CCC after May 31, 1953.

D. Remarks by Fruit and Vegetable Branch representatives.

### III. Proposed Program for 1953

#### A. Level of support

1. Public Law 585 approved July 17, 1952 provides that the 1953 and 1954 crops of basic commodities must be supported at 90 percent of parity if marketing quotas are not disapproved.
2. Price support schedule for 1953
  - a. Price support differentials by types, including premiums for extra large kernels in Virginia type peanuts.
  - b. Premiums and discounts for SMK
  - c. Discounts for --
    - (1) Damage
    - (2) Foreign material
  - d. Minimum support for peanuts regardless of damage.
  - e. Weight adjustment for excess moisture.

#### B. Deductions and Allowance for Shrinkage

1. Deductions: discussion of types of deductions and the amount of each.
  - a. Inspection fee
  - b. Service charges

(1952 rates)

Co-op loan. . . . .	15¢ gross ton
Farm storage loan . . . . .	30¢ gross ton; \$3 min.
Warehouse storage loan. . . . .	15¢ gross ton; \$1.50 min.
Purchase agreement. . . . .	15¢ gross ton; \$1.50 min.



c. Storage charges

d. Shrinkage on warehouse loans and co-op loans.

Should the warehousemen's allowances for shrinkage in 1953 be the same as those in effect for 1952?

e. Insurance (co-op loans)

f. Co-op membership fee.

C. Farm Storage Loans.

1. What should be done to encourage more farm storage loans?

What size farms (small or large) would be most likely to benefit from a strong farm storage loan program?

2. Conversion factor for use in determining quantity of peanuts by measurement.
3. Do we need a provision for weighing bagged peanuts on farm?

If so, do the counties need scales?

Is there a feasible method for weighing bulk peanuts?

4. Safety factor.
5. Is May 31 a satisfactory maturity date?
6. Farm storage facility loans.

D. Purchase Agreements

1. Should purchase agreements be accepted on peanuts stored commingled?
2. Is it desirable to actively promote purchase agreements in 1953?

E. Operations through the Cooperative

1. Should the cooperative arrangement be continued in about the same manner as in 1952 or should other arrangements be made with the co-op?



2. Sales price policy of the co-op.

F. Warehouses other than Co-op Warehouses

1. Do we need another type of warehouse agreement?
2. If so, should this agreement be patterned more nearly in line with the uniform storage agreement for grain? In such case it may be necessary to change the system of grading and pricing of peanuts under the support program in order to obtain satisfactory warehousing arrangements. Possibly the grades would have to be similar to the old U. S. Standard grades.

G. Need for additional warehouse buildings to be purchased and erected by CCC.



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UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration  
WASHINGTON 25, D. C.  
December 12, 1952

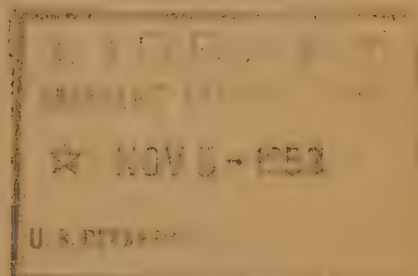
1953 Peanut Memo No. 6

To: Chairman, State FMA Committee, Peanut-Producing States  
From: George L. Prichard, Director, Fats and Oils Branch  
Subject: Form FMA-529 - 1953 Peanut Listing Sheet

In 1953 Peanut Memo No. 4, dated November 18, 1952, we indicated that the 1953 listing sheets would be sent to you by the printer on November 15, 1952. We were later informed by the Printing Section that the form would be shipped on November 26; however, we now find that the form was not shipped until December 2, 1952.

Attached is a copy of a letter from the Public Printer concerning this matter which is self-explanatory.

Attachment









COPY

December 10, 1952

Mr. H. E. Goodrich  
Chief, Printing Section  
Department of Agriculture  
Washington 25, D. C.

Dear Mr. Goodrich:

This will acknowledge your letter dated December 5, 1952, relative to the delinquent delivery of 25,000 sets of forms entitled "Listing Sheet-Farm Acreage Allotment", ordered under Agriculture Requisition 854, Jacket 225277.

Upon receipt of your requisition and copy, and in an effort to accomplish the desired delivery schedule, the job was processed and the copy was mailed to the contractor 3 working days in advance of the established schedule. Under these conditions it was believed there was sufficient time to have the proof mailed to Washington and returned by mail to the contractor.

The approved proofs were received from your office on November 6, and were mailed to the contractor on the same day. Unfortunately the proofs were lost in the mail and did not reach the contractor until November 17. A registered postal receipt confirms the receipt of the proofs by the contractor on this date. In addition, the contractor took several days over and above his allotted production time.

We regret the embarrassment caused the Agriculture Department, but as you will recognize the major portion of the delinquency was unavoidable.

May we assure you of our continued desire to cooperate with and be of service to the Department of Agriculture.

Very truly yours,  
/s/ John J. Deviny  
Public Printer

By:

/s/ K. M. Hurd,

Acting Assistant Director,  
Planning Service





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United States Department of Agriculture  
Production and Marketing Administration  
Washington 25, D. C.

1953 Peanut Memo No. 7

December 24, 1952

To: Members of State PMA Committees  
Representatives of Peanut Cooperative Associations  
Representatives of PMA Commodity Offices  
Personnel of Washington Office

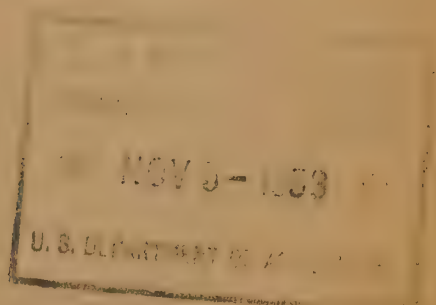
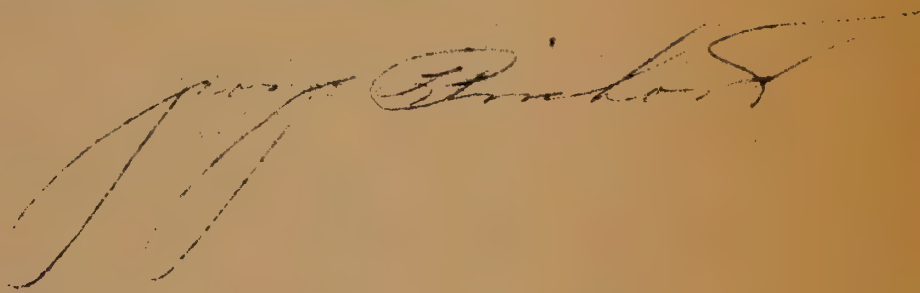
From: George L. Prichard, Director, Fats and Oils Branch

We are attaching for your information a copy of the transcript of the minutes of meeting held here on December 17 regarding the 1953 peanut price support program.

We appreciate your attendance and participation in this meeting.

We have prepared a summary of the meeting held on December 16 for our own use and will be glad to furnish copies upon request. However, since area meetings are being planned in late January, the summary will be discussed at that time.

Attachment







Attendance at 1953 Peanut Price Support Meeting  
Washington, D. C. --- December 17, 1952  
Jefferson Auditorium  
United States Department of Agriculture

Office of Administrator, PMA, Washington, D. C.

R. B. Bridgforth  
John H. Dean  
J. A. Lannon, Jr.  
W. D. McAfee  
T. H. Miller

Growers Peanut Cooperative, Inc.

H. C. Bryant	Emporia, Va.
S. N. Clark	Tarboro, N. C.
H. C. Edens	Sumter, S. C.
G. B. Fleetwood	Franklin, Va.
J. Mayon Parker	Ahoskie, N. C.
P. F. Weaver	Emporia, Va.

Southwestern Peanut Growers' Association

S. E. Cloninger, Manager	Gorman, Texas
E. E. Blackwell	Ranger, Texas
Paul McFarland	Gorman, Texas
J. D. Sargent	Tolar, Texas

GFA Peanut Association

D. H. Harden, Manager	Camilla, Ga.
W. Brantley Crawley	Banks, Ala.
R. R. Donaldson	Opp, Ala.
Grady W. Dunn	Samson, Ala.
L. L. Mauldin	Sylvester, Ga.
John D. Owens	Campbellton, Fla.
W. H. Smith, Jr.	Statesboro, Ga.
S. E. Statham	Cobb, Ga.

PMA Commodity Offices

R. L. Stover	New Orleans, La.
E. E. Dennard	Dallas, Texas



PMA State Offices

Wm. B. Crawley	Alabama
Wm. B. Anderson	Florida
T. R. Breedlove	Georgia
C. K. Cox	"
Robie Gray	"
W. H. Pittard	"
F. C. Hall	North Carolina
J. H. Potter	" "
Paul E. Mollenkopf	Oklahoma
Marvin Munger	"
F. W. Blease	South Carolina
Howard T. Kingsbery	Texas
Otis C. Cowsert	"
C. D. Jordan	Virginia
T. G. Massie	"

\*\*\*\*\*

J. E. Quin	Office of Solicitor, USDA
Henry G. Brown	Bureau of Agricultural Economics
Jack A. Coston	Office of Audit, PMA
A. B. Book	Fiscal Branch, PMA
James L. Hall	" " "
John F. Marsh	Office of Price, PMA
L. T. Boynton	PMA Reports Committee
D. Sullivan	" " "
T. T. Clifford	T&W Branch, PMA
J. R. Idol	" " "

Fruit and Vegetable Branch

M. W. Baker	Washington, D. C.
E. E. Conklin	" " "
G. R. Grange	" " "
Floyd F. Hedlund	" " "
D. S. Matheson	" " "
M. E. Smith	" " "
J. A. Curry	P.O.Box 220 Montgomery, Alabama
H. M. Riley	P.O.Box 1232 Winter Haven, Florida

Fats and Oils Branch

G. L. Prichard  
 H. A. Akers  
 Frank M. Crowell  
 Florence I. Darling  
 Ione S. Freeman  
 Geraldine Grieb  
 M. W. MacLay  
 George Parks  
 Sidney Reagan  
 Walter Sikes  
 D. L. Tierney  
 Mary C. Williams  
 Herman Young

General

Sol C. Bennett	Repr., Standard Chemical Products, Inc. Hoboken, N. J.	1025 Connecticut Ave. Washington, D. C.
B. M. Birdsong	Virginia-Carolina Peanut Association	Suffolk, Va.
Cyril G. Boyd	Florida Farm Bureau	Newberry, Fla.
E. W. Brockenbrough	Institute of Shortening and Edible Oils	1025 Vermont Ave., N.W. Washington, D. C.
Broadus Carmichael	A. H. Carmichael Co.	1213 C&S Bank Bldg. Atlanta, Ga.
Ralph B. Eaton	Peanut and Nut Salters Association	Suffolk, Va.



General (cont'd.)

M. J. English	Peanut and Nut Salters Assn. c/o Planters Nut & Chocolate Co.	Suffolk, Va.
R. E. Freund	North Carolina State College	Raleigh, N. C.
W. H. Giles	Peanut and Nut Salters Assn. c/o General Foods Corp. Electriccooker Div.	401 Broadway New York, N. Y.
H. M. Haynes	Virginia-Carolina Peanut Assn. c/o Planters Nut & Chocolate Co.	Suffolk, Va.
John F. Ledden	E. F. Drew & Co., Inc.	15 East 26th St. New York, N. Y.
James E. Mack	National Confectioners	1028 Connecticut Ave. N.W., Washington, DC
Julian Maddox	Southeastern Peanut Assn.	Americus, Ga.
W. F. Olsen	Curtiss Candy Co.	1101 West Belmont Ave. Chicago, Ill.
W. T. Parker	Homeville	Virginia
Wm. L. Paullin	Columbian Peanut Co.	Pelham, Ga.
Gordon Pickett Peyton, Atty.	Dupont Circle Bldg.	Washington, D. C.
W. T. Pond, Jr.	Va.-Carolina Peanut Association c/o Pond Bros. Peanut Co., Inc.	Suffolk, Va.
Walter L. Randolph,	P. O. Box 1631	Montgomery, Ala.
William V. Rawlings,	Assn. of Virginia Peanut & Hog Growers Association	Capron, Va.
R. N. Rolleston	Williamson Candy Co.	4701 West Armitage Chicago, Ill. (Tioga & Belgrade Sts. Philadelphia, Pa. (34)
J. A. Ryan	E. F. Simonin's & Sons, Inc.	
William F. Seals	National Peanut Council	Dupont Circle Bldg. Washington, D. C.
R. Flake Shaw	Box W4	Greensboro, N. C.
M. E. Shell	Gorman Peanut Co.	Gorman, Texas
S. W. Speer	35 East Wacker Drive	Chicago, Ill.
W. Lowe Walde	Peanut Butter Mfgs. Assn.	839 17th St., NW, Wash. DC
Earl Watts	Southwestern Peanut Shellers Assn.	Konawa, Okla.
H. L. Wingate	Georgia Farm Bureau	Pelham, Ga.

Washington, D. C.  
December 17, 1952  
10:20 A. M.

MR. PRICHARD: We met yesterday with our PMA State committees, and the three cooperative associations to discuss the 1953 peanut price support program. This meeting today is open to the trade, farm groups, and to anyone having an interest in peanuts. We appreciate your attendance and I hope you feel free to speak your mind on any question at any time.

We also intend to have, about mid-January, meetings in each of the three peanut areas, at which time probably more people will come in and give us the benefit of their advice. We will not draft any program until after those regional meetings have been held.

I realize there may be some items discussed today that some representatives would like to check further with their groups before they give any final recommendation and I think that we might say that you can speak your own mind today and if you want to change your recommendation at the regional meetings, it would be quite in order so far as we are concerned.

First, I'd like to review with you, briefly, our discussion with the PMA committees and cooperatives and to tell you generally, what we have in mind. Our thought is that for 1953, the price support program for peanuts will be essentially the same as in 1952. It will be the responsibility of each PMA State committee to see that price support is made available within the state. If cooperatives are used, instead of their contracting with us here in Washington they would contract with the local PMA State committees. I believe most of you have a copy of the items which we scheduled for discussion at the meeting yesterday. It was sent to those of you attending today for your information. There are one or two points I would like to call to your attention. There was some question as to discounts for damaged peanuts for 1953. It was agreed, as a result of our discussion that Mr. Parks would have a committee give further consideration to that question. I believe it is planned to meet some time in early January. Is that right, George?

MR. PARKS: Yes.

MR. PRICHARD: If anyone has any recommendations they care to submit as to those discounts, we will be glad to have them here this morning, or by mid-January. We have again the question of permitted foreign material in peanuts and as I believe we indicated last year, it is our intention to make the maximum 10% for price support eligibility for 1953. There is also a question regarding the base moisture content in the price support schedule. It was indicated by the representatives of the Southeast and I believe of the Southwest that there should be the same base percent in all areas. Heretofore, it has been one percent higher in the Virginia-Carolina area. I believe that summarizes the items that might be of major interest.

Several people who have prepared statements have requested permission to give their statements before we get into open discussion. If there is no objection, we will follow that procedure. I have at



MR. PRICHARD: (cont'd.) this time, four people who have indicated that they care to file statements -- Mr. Jim Ryan, of C. F. Simonin's & Sons, Philadelphia; Mr. Mike English, representing Mike, I believe, the Peanut and Nut Salters Association; Mr. Rolleston, representing the National Confectioners, and Mr. Walde, representing the Peanut Butter Association. Is there anyone else who has a prepared statement?

MR. BIRDSONG: I have a statement I would like to give.

MR. PRICHARD: Representing who, Ben?

MR. BIRDSONG: Virginia-Carolina Peanut Association.

MR. PRICHARD: Is there anyone else? If there is no objection, we will begin with the submission of prepared statements. Mr. Ryan -- Jim, are you representing your company or some organization?

MR. RYAN: I am representing The Institute of Shortening and Edible Oils, as chairman of the special committee. This is a statement on the peanut oil situation, made on behalf of The Institute of Shortening and Edible Oils, Inc.

Following Statement read by Mr. Ryan

The Institute of Shortening and Edible Oils is a trade association composed of refiners of vegetable oils in the United States. Its raw materials are the products of American farmers, whose cottonseed, soybeans, peanuts, and other oil bearing seeds are crushed to provide the materials of our industry.

From these vegetable oils are made the shortening, margarine, and cooking and salad oils used by housewives both here and abroad. In addition, our vegetable oils are used in the manufacture of industrial products in such a broad way that it is difficult to trace the many steps in the factories and manufacturing establishments where these oils have become necessary ingredients in our industrial economy.

Peanut oil is an important, indeed vital, part of our vegetable oil picture. It was not so many years ago that most of the peanut oil used in this country was imported from foreign countries. Recognizing that we had here in our own land the human and agricultural resources to produce our own peanut oil, steps were taken through various trade groups and Government Agencies to encourage the production of American peanut oil. Congress helped in this effort by the imposition of customs duties on imports from abroad.

The development and expansion of the peanut oil business during these years has been nothing short of phenomenal. As is well known, peanut oil has certain peculiar characteristics not shared by other American vegetable oils. For instance, it is known as a "non-drying" oil. This means that it does not become "gummy" or "tacky" when exposed to air. Therefore, it is preferred for many applications where other oils will not serve the special purposes required.

MR. RYAN: (cont'd.) Because of these special characteristics, peanut oil found a wide and expanding use as a preferred cooking oil in the manufacture of potato chips, as a popcorn seasoning, and in many other ways in the edible oil field.

Peanut oil is remarkably similar to olive oil, of which we formerly imported very large quantities from foreign lands. By blending peanut oil with olive oil a new market was found among the millions of Italians in our country.

Many nut salters, buyers of large quantities of peanuts, also prefer peanut oil for cooking them. In this field alone, vast quantities of peanut oil have replaced coconut oil, another foreign oil.

In the industrial field peanut oil replaced foreign oils, particularly olive oils, to an important degree. The textile industry, for instance, formerly used large quantities of olive oil for the many different kinds of lubricants and soaps used in various products. Peanut oil replaced olive oil almost entirely in these applications - very fortunate for our war effort during World War II, since the usual foreign sources of supply of olive oil were not available.

At the present time our country is engaged in a defense program of huge proportions, involving the manufacture of a multitude of military items. Peanut oil is indispensable in the manufacture of many of these, including planes, tanks, trucks, military uniforms, to mention a few. I need not remind you that there is no stockpile of peanut oil in the United States as there is on copra, coconut oil, castor oil and other vegetable fats, which are needed in case of war, so that in case of war we might find it difficult, if not impossible, to get peanut oil for these strategic needs, specially in a defense program.

Peanut oil is used also in the manufacture of vitamins and antibiotics such as penicillin, and in numerous other pharmaceutical and therapeutic products.

The efforts of various members of our refining industry in the development and promotion of peanut oil as a cooking and salad oil in American homes have been accompanied by the expenditure of millions of dollars for advertising in newspapers, magazines, radio and television, with the result that peanut oil has a well-established place on the grocery shelves and in the homes of America.

But where do we find ourselves today? The supply of peanut oil today is almost at the vanishing point! We have turned full circle and now are supplicants before our Government, begging it to let us import peanut oil again from abroad, as we did thirty years ago!



MR. RYAN: (cont'd.) How has this come about? It is because of the repeal last year of the law which permitted farmers to grow peanuts for crushing, and by the reduction of the supplies of peanuts through acreage allotments. This has reduced the supply of peanut oil to a small fraction of our nation's needs!

Further, the reduced supply of peanuts for crushing has also drastically reduced the farmer's supply of peanut meal, so badly needed for feeding his cattle. This makes the farmer dependent on soybean meal and cottonseed meal, which must be moved in to him over large distances with consequent added expense for freight.

This year and, under present laws, in the foreseeable future, we shall be dependent for our growing needs for peanut oil upon imports and upon the culls and off-quality nuts that are not good for edible use as peanuts. There are not enough of these available at any time, and it was in recognition of this fact that Congress, up to last year, permitted the growing of peanuts for oil.

If any evidence were needed of the special need for peanut oil in our national life, it can be seen in the rise in price of this indispensable commodity during the past few months. In May 1952, the price of crude peanut oil was 12-1/4¢ per pound. It is now 26¢ per pound and eagerly sought for by those who must have it.

It is inconceivable that the farmers who grow our peanuts would knowingly and willingly destroy an industry which has developed new and expanding markets for the product of their land and labor. It is inconceivable that they would willingly see the price of their product rise to the point where it would be forced off the market in our competitive economy. It goes without saying that our manufacturing industries using peanut oil for so many industrial articles, particularly in the defense program, will seek cheaper substitutes, thereby losing that market forever for peanut oil.

It is equally inconceivable that the farmers and others in the peanut industry would willingly force us again to find our supplies of peanut oil in foreign countries, from which we might be cut off in time of war. We have within our country the material and intellectual resources to provide for ourselves. Why go abroad?

We recognize that this problem is not simple of solution. But we want to emphasize that the destiny of one group is the destiny of all, in the final analysis. If we do not have peanut oil, produced in America, the shellers and crushers will have idle machines and the farmer his idle acres.

For the time being we must import peanut oil and it is urgently hoped that the Government will grant our plea for import permits.

MR. RYAN: (cont'd) For 1953 and the years to come, our farmers should grow peanuts for oil, so that we may provide for our needs at home, and be independent of foreign sources of supply. Whether or not this requires new legislation we do not know, but we hope this effort will receive consideration and sympathetic support in the common good of all of us.

MR. PRICHARD: Would you like to have questions and comments as we go over these statements or complete them first? Mr. Ryan has mentioned that there are extra copies of his statement available at the table. (pause) Will you come up front please, sir.

MR. BENNET: I would just like to endorse the statements of Mr. Ryan as a representative of the manufacture of detergents -- Standard Chemical Products, Hoboken, New Jersey. I can't do any more than endorse the statements made by Mr. Ryan as being super-critical as applied to our company. We make these products and their end uses go into parachutes and many other defense products. Unless something is done to alleviate a situation of this kind, our company, as well as all others, who make similar products for end use in these vital materials, will likewise be in a critical position. It is our hope that some measures can be suggested for granting import permits so that we and the country itself may benefit from the defense program.

MR. PRICHARD: Thank you, Mr. Bennett. I might point out for the information of the group, there was a meeting of our Refining Edible Oils Industry Advisory Committee about a month ago. This committee recommended that imports of peanut oil be permitted and the question of granting import permits is now under consideration. It is a legal question under Section 104 of the Defense Production Act. We had hoped to have a decision on that question much earlier than we have. I think I can safely say we should have one in a short time. Is there any other comment on Mr. Ryan's statement? Mr. Randolph --

MR. RANDOLPH: My name is Walter L. Randolph. I am a member of the Executive Committee of the American Farm Bureau Federation. We advocated the repeal of the provisions in the Act permitting the growing of oil peanuts. As a result of that and of other efforts, Congress did repeal that provision. I suppose there are several reasons for it. The main one is that peanuts for oil are just not profitable to raise. The price of peanuts when sold for use as oil purposes, has been quite low. I don't have any objection whatever, to imports of peanut oil. In fact, I think it is a fine thing to find something we can import in order to be able to sell some other things abroad. So as far as farmers are concerned we are not interested, in this country, in growing peanuts for oil. They just don't pay enough for them.

MR. RYAN: May I ask you a question, sir, before you leave? In advocating the repeal of the legislation and in your imports of peanut oil, do you appreciate the ramifications of that stand in connection with the defense program in which imports might possibly be cut off in time of war and as a result of this; defense industries in which the need for peanut oil is indispensable, may not be able to get their supplies of peanut oil?



MR. RANDOLPH: I do. I have noticed also it is not confined to government officials to use the defense program as an excuse for entering into something that people want. There are other kinds of oil. There is plenty of oil. The price of oil is pretty cheap, in general. I am aware of that, but I don't fear it.

MR. RYAN: You say there are various other kinds of oil. Do you believe that in particular these can be substituted in the defense program, where it is now a matter of record, that there is no substitute for peanut oil. Are you willing to be dogmatic enough to say that there are other American vegetable oils available for the defense program?

MR. RANDOLPH: You know we had a rubber shortage. We made some rubber in the last war. I think science will take care of that problem.

MR. RYAN: I think it will be a matter of record at this hearing, Mr. Randolph, that there can be a plan worked out wherein peanuts may be grown for oil in excess of quotas. There will be evidence, I believe, stated in this record, that the farmers are willing to plant peanuts for oil and thereby gain revenue from acres which will be idle under the present program which calls for reduced acreage. In such a case, would you be in favor of the use of those extra acres to give the farmer revenue -- in proportion -- I think it should be stated here that the recommendation of the Farm Bureau Federation for the repeal of this legislation was mistaken both as to short and long time policies.

MR. RANDOLPH: I don't agree with you.

MR. RYAN: I don't believe the farmers agree with you and that, I think, should be stated.

MR. RANDOLPH: I don't see how you would know that.

MR. RYAN: I think you ought to take away with you the statement of those who know. From the statement of Mr. Bennett, for instance, you can not find a substitute for peanut oil.

MR. RANDOLPH: Talking about who know now, I guess you know more about oil than I do. I grant you that. But when it comes to how farmers in Alabama feel, you just don't know about it.

MR. PRICHARD: Mr. Crawley --

MR. CRAWLEY: I am W. B. Crawley, Chairman of the State PMA Committee of Alabama, and a farmer. I feel that I might be able to answer some of the questions that have been asked here, since I am a peanut farmer myself, and somewhat familiar with the peanut situation from a farmer's point of view. First, I would like to say, that from an administrative point of view, so far as handling the program, which is one of, if not the only program that we have a two-price system on, that is peanuts for oil and peanuts for edible purposes. I have known for a number of years that peanut oil was the fine product that I have heard described here this morning, but I have not known of the farmer receiving that kind of price that it should bring at the market place.

MR. CRAWLEY: (cont'd.) When a farmer gets ready to sell his peanuts for oil, they go right into the same kettle with other vegetable products which are the base of oil. If that could be recognized, it is possible, and you gentlemen who use peanut oil in your products should recognize that and pay the price that certainly you indicate here the value it is, why it is possible that a farmer could produce peanuts for oil. Now so far as our acreage is concerned, our livelihood it is, and there is a livelihood in it, but before we continue to grow peanuts at the price we have been getting for the last several years, there would be a heck of a lot less of us, because we just can't exist under the price that is paid for peanut oil. Is there any question?

MR. HAYNES: I would like to ask a question. Why was it necessary to go to Congress and have them repeal the law, if the farmers do not raise peanuts for the price. Why was it necessary to prohibit the growing of peanuts for oil?

MR. CRAWLEY: There is no prohibition on the growing of peanuts for oil now.

MR. ENGLISH: Mr. Crawley, where would he be after paying six cents on a pound of peanuts he was going to sell for oil?

MR. CRAWLEY: He would be in about the same shape as he was when selling peanut oil to the trade.

MR. ENGLISH: You can't pay six cents a pound and sell them for oil. That's something that will stop them.

MR. PRICHARD: Mr. Wingate --

MR. WINGATE: I just wanted to answer the gentleman's question about the farmer planting these idle acres to peanuts for oil. I just wonder how many industrial plants you see operating, they go pick them up because they are idle and they go to running, but you don't make money. You just don't see those things happen very often and a farmer just can't plant his peanuts for oil prices. That's all there is to it. We tried to work it out so we would have a little leeway in the acreage business there but we couldn't keep up with the peanuts. I was for the program, but the farmers growing peanuts didn't want it, so we haven't got it. And that's the shape it's in. They can't grow peanuts for oil prices.

MR. PRICHARD: I might add for the information of those who are not aware of it, that the Department opposed the enactment of the provision of the legislation, and favored the repeal of that provision of the legislation. I would like to mention one other thing -- that it is an administrative monstrosity. We did it one way, which we thought was the best and we had a multitude of criticism and I think we would have had just as much criticism under any other method of administration. There just is no satisfactory administrative answer to the two-price system that I have been able to figure out. Is there any other comment on Mr. Ryan's statement? Mr. Rawlings --



MR. RAWLINGS: I would like to just make one or two remarks, George. I am W. V. Rawlings of the Virginia Farm Bureau. I feel that in fairness to those of us who proposed the repeal of this legislation that we should point out the facts that we considered on it. I would like to say that when this legislation was enacted, I believe that we had it to provide only on three crop years, is that right? Does anybody recall?

AUDIENCE: Two.

MR. RAWLINGS: It wasn't over three, I know. It was not actively supported or proposed by peanut producers or the question asked us. Frankly, we woke up one day and we had it. I don't know who sponsored it primarily. Our people -- we were asleep on it. That was what happened to us and I think it happened to some others too. In other words we are back now when we repealed this legislation, in the same boat we were up to the two years when we had it.

Appreciating the potential need for peanuts in the defense effort, I feel we are reasonably protected I believe Commodity Credit Corporation has an inventory from last year's crop, around 50,000 tons of peanuts, which, if there was a vital defense emergency, those peanuts could certainly be crushed for oil. And if the need was urgent enough, enough production from the crop this year could be diverted, if there was a real genuine defense need for it. And a fact that has already been commented on, we were very much interested in getting this program on the soundest possible basis, realizing full well, that there were groups that were out to discredit our program. We found ourselves in the position of being the only commodity that had a two-price system. It was something that was continually pointed to as peanut farmers receiving preferential treatment. And the truth of the matter was we were not interested in the legislation when it started. All we wanted to do was to get it like it was before the legislation was passed.

MR. PRICHARD: Thank you, Bill. Any other comment? Mr. Boyd --

MR. BOYD: I am Cyril Boyd. I am chairman of the peanut committee for the Florida Farm Bureau. I would like to talk to you as a grower. This thing that has been brought up this morning is a very sore spot for the peanut grower. We peanut growers lay the blame for the collapse of this thing on the market. And I think it was among the industry that used this peanut oil. It looked pretty good when it was first proposed to us. They said, we will pay you the price of oil. It was up there -- way up in the high bracket. We went out and planted these peanuts and dug them. Before we got a chance to thresh those peanuts and deliver them, the price lowered. I know what I'm talking about because when I got through with the first year I didn't have enough money to plant a cover crop on those peanuts that I dug for oil, and I sure didn't make any money on the peanuts. So that is the farmer's viewpoint on this thing. Thank you!

MR. PRICHARD: Thank you, Mr. Boyd. Is there any other comment? Mr. English, I believe you had a statement representing the Peanut and Nut Salters Association.

MR. ENGLISH: My name is M. J. English, member of Board of Directors, Peanut and Nut Salters Association. I desire to make this statement in their behalf.

Following Statement read by Mr. English

In making a review of the Agricultural Adjustment Act of 1938, as amended, we find that under "Declaration of Policy", section 2, it clearly states that the Department of Agriculture shall regulate basic commodities, such as peanuts, to the extent necessary to provide an orderly, adequate and balanced flow of such commodities in inter-state and foreign commerce to assist the farmers to obtain, insofar as practicable, parity prices for such commodities and assisting consumers to obtain an adequate and steady supply of such commodities at fair prices.

As we see it, any facilities being constructed at government expense, such as storage warehouses, particularly in face of ample storage now existing, that would enable the farmer to speculate to obtain high prices, particularly above parity, would not be in a spirit of the law and would not be a protection to the consumer.

We favor a flexible support price being granted to the farmer but feel it is unfair to have a floor on his commodities, erect facilities for the storage of his products and not have a control on what he may be able to obtain on the sale of same.

If we are to have a controlled economy which provides to regulate the acreage and base prices on such commodities, then we should have some protection against the price of the product rising to the other extreme, thereby affecting the consumer.

We cite for example - crude peanut oil was selling in April at 12-1/2¢, November 20¢, December 26¢, and still climbing higher. This resulted from an amendment passed by Congress during 1952 prohibiting the growing of excess peanuts for oil.

If by amendment by Congress or an interpretation by the Department of Agriculture, a product such as peanut oil can be removed from the market in such quick fashion and without public hearing at a loss of an established market as well as of millions of dollars in advertising, it is reasonable to assume that similar actions in the handling of edible peanuts could occur.

To anticipate the needs of industry in advance is indeed, at its best, a dangerous decision. For example, for two <sup>straight</sup> years, we have had two crop failures in the Southwest and it is not uncommon for heavily damaged crops to exist in the Southeast. A combination of both in these two areas in the same year would indeed be a calamity for the peanut industry. It could happen and will happen sooner or later if we continue with our present thinking.



MR. ENGLISH: (cont'd.) To avoid this situation, we suggest a two-price system, whereby quotas would be set up commensurate with needs for the edible trade and excess peanuts being permitted to be grown for oil. In the event that a serious shortage in yield did occur, you would at least have excess oil peanuts which could be diverted to edible channels.

We are confident that the Department can police a two-price system and that many farmers through the entire peanut growing area would welcome such a program. The value of excess peanuts for oil would be additional income which added to his income from allotted acreage would give him a combined income which would satisfy him for his efforts. Many leading, efficient farmers concur in this thinking.

We urgently request that you give due consideration to our references to the building of warehouses and adopt a marketing agreement or a two-price system in the 1953 peanut program.

We believe there are at least two workable methods to accomplish the purposes set out herein to handle excess peanuts for oil.

MR. PRICHARD: Any questions you wish to ask Mr. English?  
Mr. Wingate --

MR. WINGATE: I just wondered what he meant by flexible support price.

MR. ENGLISH: We are of the opinion that any fixed support prices and a shortage of edible peanuts in particular, for the trade, creates a very hazardous condition in the price of the peanuts to the consumer. We had a flexible support price on the books until I think, this year, of 90% of parity. Yes, we had a support price where I think the Secretary of Agriculture at his discretion, could reduce the price five percent for each year -- something like that.

MR. WINGATE: That's right.

MR. ENGLISH: A sliding scale.

MR. WINGATE: In the extent that it was extended two more years.

MR. ENGLISH: We want to be on record that we don't want peanuts to go back to the old low prices. No end-user, no cleaner and nut salter wants to see the farmer raise peanuts at those old, ridiculous prices. And we don't want you to think that we who merchandize and advertise and distribute your product at great expense, in order to keep you planting the acreage that we want to have you receive ridiculously low prices. It hurts you and it hurts us, too. But we are against this thing getting away from us. We see danger. And I'm

MR. ENGLISH: (cont'd.) telling you that Mr. Prichard is playing with matches when he gets down to a supply and demand condition where we are now, with increased population, increased consumption, and if the price did slide to some extent to the point where consumption really would increase, due to the value to the consumer, your present supply would not hold.

MR. WINGATE: All we are asking is ninety percent. Do you think that is fair? How far would you go?

MR. ENGLISH: I would like to see the farmer get parity because he can get it, but when he gets above ninety with government support, I don't think that's fair. There is no one who has a floor in business. We don't have ceilings. We don't have floors.

MR. WINGATE: I don't see why you should want it flexible when you say he should get parity and we are just asking ninety percent. That's not parity.

MR. ENGLISH: Mr. Wingate, maybe there will be some other discussions here about peanuts being a basic item. Perhaps that will clear it up. I'll be glad to answer any other questions. If I have made any statements that are not right, I would like to answer them.

MR. PRICHARD: Mr. Jordan --

MR. JORDAN: I would just like to say something about Mr. English's statement in which he was concerned about the farmer receiving above parity for his commodity. I would like to know at what range he marketed his commodity this year.

MR. ENGLISH: The cleaner paid above support price, less storage and handling, which was more than the government would pay you at their warehouse.

MR. JORDAN: Wasn't that the loan rate?

MR. ENGLISH: We paid above support price considering our loan charges, handling and storage.

MR. JORDAN: You didn't pay ninety percent of parity.

MR. ENGLISH: Yes we did, but you want to consider it the same as the government does. They would only pay you loan value with all the deductions. We paid you above support price less deductions.

MR. PRICHARD: Any other questions of Mr. English. If not, thank you, Mike. Mr. Rolleston, representing the National Confectioners.



Following Statement read by Mr. Rolleston

MR. ROLLESTON: My name is R. N. Rolleston of the Williamson Candy Company, Chicago, Illinois. I am appearing here at the invitation of Mr. George L. Prichard, Fats and Oils Branch, Production and Marketing Administration, U. S. Department of Agriculture, as a representative of the National Confectioners' Association of the United States, Inc. Statements made herein in my opinion reflect the point of view of many candy manufacturers who consider peanuts an important ingredient in the manufacture of candy.

The National Confectioners' Association on December 8th received a 4-page mimeographed statement headed, "Items for Discussion at 1953 Peanut Price Support Meeting to be Held at Washington, D. C., on December 16-17, 1952". Upon reviewing the agenda for the meeting on December 16th and 17th it appears that all of the subjects to be discussed would come under one of the following groups:

1. Statement by Government Officials
2. Peanut Cooperatives
3. Discussion of Loan Problems

There is no mention of the part which end users play in the operation of the Peanut Program. NCA recognizes the fact that the Peanut Program is operated primarily for the benefit of the growers and processors. However, if the consumption of peanuts by confectionery manufacturers continues to decrease, the problem will be a much more drastic one to the peanut farmer and processors.

Members of the peanut user industries as citizens and as businessmen desire to cooperate with their government in the promotion of sound programs which are in the interest of all segments of the industry - the growers, shellers, distributors and other peanut processors, so that the interest of the consumer of peanuts and peanut products will be advanced and the public welfare promoted.

The use of peanuts in food products is of comparatively recent origin; in fact, peanuts were a comparatively insignificant product fifty years ago. Shortly before World War I peanut acreage started to increase - from 526,000 acres in 1914 to 3,595,000 acres in 1943, the peak year. There has been a gradual decrease in peanut acreage from 1949, with 2,629,000 acres to 1,673,000 acres in 1952. The 1953 acreage allotment is approximately 1,678,000 acres or an increase of 5,000 acres over 1952, only .003%, in spite of the fact that the population increase is estimated at about 2% and national income about 3%. On the basis of the estimated increase in population and increase in national income of 5%, the acreage allotment for 1953 should be 1,756,650 acres, instead of 1,678,000 acres. Using the same procedure with respect to marketing quotas <sup>a 5% increase over 1952 quotas</sup> the 1953 marketing quota should be approximately 682,500 tons,

MR. ROLLESTON: (cont'd.) instead of 663,000 tons. Thus, it would appear that the Secretary did not take into consideration the estimated increase in population and national income.

A very small percentage of peanuts was incorporated into peanut food from 1909 to 1914, during which period the principal use was in the form of roasted peanuts in the shell. In 1946 peanut butter manufacturers, peanut salters and peanut candy manufacturers used approximately 50 percent, 25 percent, and 25 percent respectively of the total supply of shelled peanuts. In 1952 peanut butter manufacturers had retained their percentage of approximately 50 percent while peanut salters' percentage increased to approximately 28 percent, and peanut candy manufacturers' decreased to approximately 22 percent.

Various agencies of the government have promoted standards for peanuts which theoretically are supposed to assure the purchaser of a high quality of usable grade peanuts. Unfortunately, the techniques used in the inspection services plus the attitude created by government policies, has resulted in lower standards, more defective peanuts, the purchase of more sticks and stones and inedible products for which the purchaser pays dearly. In addition to government standards, other standards have been promulgated by sheller groups as well as definitions and standards for use in the subsidy and support program. Would it not be feasible to incorporate all of the standards now supposedly in effect into one over-all set of standards for the various types of peanuts, and make these standards practical, realistic and designed to aid everyone involved and not special interests?

A government-guaranteed price for peanuts decreases the incentive of the peanut farmer and the shellers to produce high quality, clean, commercially usable peanuts for processing into foods. The price of peanuts to the end user is naturally based on the price the peanut farmer receives. However, the peanut processor now pays as much as 4¢ or 5¢ per pound in equipment and labor to reprocess peanuts received from the peanut sheller before the peanuts are of the quality needed to incorporate them into food for the consumer.

An analysis of the fallacious theories upon which the Peanut Program has been developed, namely that of acreage restrictions, unreasonable and unrealistic price support programs, shows that these theories are inconsistent with the welfare of the peanut grower, peanut processor, the taxpayer and our national economy.

#### PEANUTS SHOULD NOT BE CLASSIFIED AS A BASIC CROP

While peanuts are of major importance to the peanut farmer, they occupy a comparatively minor position in the general farm economy, even in the states that are major peanut producers. In only one state, Georgia, where the income is approximately 15%, does cash income from peanuts account for more than 10% of the total farm income. Alabama peanuts yield about 10% of the state's cash farm income. The other peanut producing areas receive income from peanuts of from less than 1 percent to about 5 percent of the total cash income.



MR. ROLLESTON: (cont'd.)

PEANUTS ARE NOT BASICALLY AN OIL CROP

The entire history of the struggle to make the peanut industry an oil industry shows that under reasonably free and normal economic conditions the peanut industry cannot be considered a factor in edible oil production. The entire domestic production, if crushed, would be a minute factor in the gross world production of fats and oils. As processors of edible peanuts we are opposed to subsidies for the peanut oil users. As taxpayers we believe the subsidization of peanut oil is uneconomic and unjustified.

PRESENT PROGRAM IS COSTLY TO TAXPAYER

According to the September, 1952, Report of Financial Conditions and Operations of the Commodity Credit Corporation, the price support program, the taxpayers have lost a total of \$1,058,924,601 through the price support program from 1933 through September, 1952. The total price support program for peanuts from 1947 to September, 1952 cost the taxpayers \$91,317,044. The loss on peanuts is the largest of all basic commodities (corn, cotton, peanuts, rice, tobacco and wheat) from 1933 through September, 1952, in spite of the fact that peanuts have only been price supported since 1942.

WHY NOT PROMOTE A PROGRAM OF EXPANSION RATHER THAN RESTRICTION?

The national disposable income increased from 92 billion dollars in 1941 to 228.3 billion dollars in 1952, or approximately 148.2%. The population of the United States increased from 133.2 million in 1941 to 156.6 million in 1952, or approximately 17.6%. On the contrary, consumption of edible peanuts decreased from 558,494,000 pounds during the 1940-41 crop year to 538,861,000 pounds during the 1951-52 crop year, or approximately 3.5%. Peanut growers, as well as peanut processors, are not keeping pace with the normal increase in national disposable income and population.

American businessmen, including farmers, can reasonably ask would not our national economy have benefitted more, would not the farmers producing peanuts, the shellers and the processors, as well as the public, have benefitted more if some of these millions had been expended in producing more and better crops, in reducing the cost of processing, and in making the public familiar with the high nutritive value of peanuts and peanut products?

In view of the present economic situation and the current mobilization program, consideration should be given to such problems dealing with the Peanut Program as the following:

1. Peanuts should not be classified as a basic crop. In only one state does farmer income from peanuts represent up to 15 percent of total cash income.

MR. ROLLESTON: (cont'd.)

2. Peanuts should not be classified as an oil crop. They are consumed primarily as peanuts, peanut butter or peanut candy and cannot compete with other sources of vegetable oil.

3. It is unsound to distinguish between "edible peanuts" and "peanuts for oil," for the purpose of granting a special subsidy program for "peanuts for oil."

4. The parity formula for peanuts should be reappraised.

5. A restrictive program is not justified until we have explored all opportunities to expand consumption of peanuts and peanut products.

Constantly changing government programs are making it well nigh impossible for end users of peanuts to plan any expansion in their use. We feel that an extension of government controls as now in operation and contemplated for 1953 will only increase the difficulties in producing and marketing peanuts and will tend to further decrease consumption of peanut products by the public.

MR. PRITCHARD: Thank you, Mr. Rolleston. Are there any comments? Any questions you would like to ask Mr. Rolleston? Mr. Shaw --

MR. SHAW: My name is Pike Shaw. Mr. Chairman, and gentlemen. I want to make one or two observations about the farm program as such, since it has been brought here in so many different ways as it affects these different commodities. I had first hoped that we could look at this thing as an adjustment program and not as a control program. I dislike the word "control". You can't control farm commodities. You can adjust them from year to year but there are so many inevitable factors that it's not humanly possible to control them. You just adjust them. I would like to again observe that I believe that statistics will prove that the supply of most farm commodities have been more constant under these adjustment programs than they ever have in my life time, and I have been farming a long time, and I have had right much experience in dealing with farm programs of one kind or another. In addition to that, I would like to observe that the farmer has absolutely nothing to do with determining the parity price known as support price -- the parity price, of his commodity. That's passed out to him by an index on the cost of living that takes into consideration 162 commodities all added up. They are weighted in and that determines the parity value. Now, whether it is high or whether it is low, the farmer is not responsible for it. He does not weight in on the cost factor. He weights in on the things he has to buy, and as long as you have hedging in your overall economy, ninety-five percent of all the aspects of the economic life through minimum and maximum laws of one kind or another, it seems to me that it is almost fundamentally necessary, if you expect this fifteen percent of the people left on the farm, to feed and clothe this nation and make their contribution to these conditions on the world-wide basis that we face today, and supply the food and the raw materials and to the creation of new wealth, when statistics show our costs are going up and



MR. SHAW: (cont'd.) our income is going down, it's getting less and less, you are putting the farmer right closer in the squeeze, every year. Now maybe these commodities do seem high, and maybe the spread is not quite what we think it should be on many of them but if you look at what the farmer's take home pay is on any of these crops, you can say peanuts are not basic.

You can observe the fact that they cut a small figure in the overall state income in some states. That's true of my state. But there are quite a few counties in North Carolina where peanuts are the life blood of that county. And they are just as basic to that number of farmers living in that county as if they affected the whole state. When you talk of putting some industry out of business for the lack of oil, when you set up a program when this farmer with a small acreage can't operate on, and can't make a living on, you not only put an industry out of business, you'll put that county out of business from an agricultural point of view, and you can't just change those things like a will-o'-the-wisp, by some fantastic idea.

We grew peanuts in North Carolina before they were ever grown anywhere south of us. North Carolina and Virginia, I guess, are the oldest peanut producing states in the country. We still think we can grow better than in other sections of the country, but the rest of the folks don't agree with us, a lot of the farmers don't, and we are not arguing that point. But we know we have got a good product and we like to brag on it.

I hope that in the deliberations in the future of the peanut industry you gentlemen can understand that we made an honest attempt. We were criticized because the peanut program is costing money. And I would have you understand that the farmers, as such, don't want any program that they operate to cost anybody any money. They are willing to take it on a cold-blooded business, man to man basis, and live with it if you will give them the same chance that other people have, to protect themselves. But we can not accept conditions under which we operate today when every aspect of our economy - - - - (inaudible) - - - - and we leave with them the determination of what the parity price should be and let it go up and down with the cost of living. And, certainly I don't think you could make a good case arguing that ninety percent is too high when the costs are going up, each year.

Now I know what I'm talking about. If the farmer is going to hold his place in the market and provide for the outlet of manufactured goods and stay in there and have anything to buy with, his margin is about as close as you can hope to make it. He is going to be on the diminishing end from now on out and he will buy less, and you will see that, because his net income is less this year than it was last. It was less last year than it was the year before. And it's not the farmer's responsibility. There is nothing he can do about it. We are not criticizing anybody for it. It is an inevitable fact. It follows in order of sequence, when you go up and down on an expansion program and then begin to retrench.

MR. SEAR: (cont'd.) Now it's fine to say that we'll increase domestic consumption and we will look for world markets and we will do research, and what have you. We'll advertise the merits of all our foods. That's every bit just as good as it can be. But by and large and in the final analysis we must adjust in some way, or allow the farmer to, if you expect him to face a fully adjusted economy. Thank you!

MR. PRICHARD: Thank you, Flake. Is there any other question or comment? Yes, Mr. Peyton --

MR. PEYTON: I would like to ask Mr. Rolleston if he considers that this decline in usage would be a continuing thing under programs of this sort.

MR. ROLLESTON: I feel this way about it. This is my own personal reaction and referring now to the business with which I am connected. Naturally, as the price of peanuts and other commodities go higher, our bars, our candies, go down in sizes. In other words, especially in the bar business, when you get out a nickel unit, as your crop prices go up, or your prices for your ingredients go up, naturally, we use less in each one of the bars. So in the confectionery business at least, I know of many concerns who have cut them completely out of their line, feeling that they are just too high for the consumer to want to buy. And it is only you might say that we that are "stuck" with a peanut product, we will call it that, still have to go ahead and use peanuts and we will use them as long as we can. But as I say with the price going higher and higher, it is true that our bar is shrinking in size in what we have got to sell for a nickel. Therefore, our consumption year after year, has gone down, not the number of bars we have produced but the poundage, has definitely gone down.

MR. PEYTON: So you, then in the confectionery business, are looking for an answer to a problem where the price is driving you to a situation where you won't use peanuts, or can use peanuts on a economical basis and also, I take it, that you would like to have the farmer receive a legitimate price for his product.

MR. ROLLESTON: Very true.

MR. PEYTON: So you just point to this dilemma with no answer to it other than abolition of peanuts as a basic commodity. Is that correct?

MR. ROLLESTON: That is correct.

MR. PEYTON: I did not want to make my question as long as the gentleman before me did. Thank you!

MR. WINGATE: I would like to ask one question, please.

MR. PRICHARD: Mr. Wingate --



MR. WINGATE: I would like for the gentleman to tell us which is causing us more trouble about the price of his bar that he is selling, increase in wages or the increase in the price of peanuts.

MR. ROLLESTON: It's a combination, Mr. Wingate, of both factors. Sure, prices have gone up on all commodities.

MR. WINGATE: I'm not being facetious in asking the question. I know about labor -- say in the last four or five years. Does the change of price of peanuts affect you more or does labor affect you more?

MR. ROLLESTON: Mr. Wingate, not being on that end of the business, all in all I am a buyer, and I don't run the adding machine, so to speak, or the comptometer. I really don't know that answer. I do know that naturally, the price of commodities has affected us a lot and labor just as much. Labor may be just doubled.

MR. WINGATE: And the thing that the fellows want is peanuts to hold down enough so that they can absorb those things and keep that bar the same size. You don't get the same amount for ten cents or a nickel in any commodity that you did several years ago.

MR. ROLLESTON: That's correct.

MR. WINGATE: But we, as farmers can not absorb and take care of all these other things and then take care of increased wages on the farm. I just wanted to call your attention to the fact that the farmer has got to do business for himself. It just turned out to be a plain business proposition.

MR. ROLLESTON: I appreciate that.

MR. PEYTON: One more question, if I may, Mr. Prichard.

MR. PRICHARD: All right. Go ahead.

MR. PEYTON: You could make a product without peanuts in the confectionery industry, and many of them do. Isn't that correct?

MR. ROLLESTON: That is correct.

MR. PEYTON: So you can do without peanuts a lot easier than you can without labor. Is that right, sir?

MR. ROLLESTON: That is true.

MR. WINGATE: You can do without food easier than you can without labor, can't you?

MR. PRICHARD: Let's take five minutes out. Come back promptly, please.

(Recess 11:35 AM - to 11:40 A.M.)  
(December 17, 1952)

MR. PRICHARD: Let's come to order, please. Are there any questions or comments on Mr. Rolleston's statement?

MR. RAWLINGS: There is one comment I would like to make with reference to the cost of the peanut program since 1947. I think we as producers all know that the peanut program has been very costly from 1947 up to this year. I believe the figure was quoted a ninety-seven (97) million dollars. When the war started we were cut off from our foreign oil supply. There was a real need for us to produce peanuts for oil. Peanut producers throughout the three areas were urged to expand their production to make up this shortage. Producers responded to that; they increased their acreage; it was doubled in some localities, tripled in others. With the end of the war, there was no real need for us to continue that tremendous production. We again had our foreign oil supply available to us. The Department, as I see it, was then faced with one of two alternatives: (1) Very drastically reduce the acreage in one year to get back down to the edible production; or (2) go through a period of gradual reduction until we were back to producing peanuts only for edible purposes. Certainly, we feel that the Department was completely justified in choosing the latter alternative. They could not completely disrupt the economy and come through with a severe and drastic reduction all in one year. That cost was built up during those years of gradual re-adjustment. This year, in 1952, the allotment has been set in line with the estimated demand from the edible trade. Isn't that correct? We can foresee no appreciable loss in the peanut program from now on out. Certainly the losses on the peanut program during the war years are no more justified in being charged to the peanut producers than any other money that was spent in the conversion of big business back to peacetime production. We certainly don't feel that this cost should be charged to the peanut producers. And we have put forth a very sincere effort to get our acreage down in line with the demand so that there will be no cost to this program from here on out. We can't see that there will be.

MR. PRICHARD: Thank you, Bill. I might point, too, that at least during part of that time there were minimum national allotments prescribed by law for the same reason -- to bring about a gradual re-adjustment and not a drastic re-adjustment in one year.

I would like to comment on one other point that was brought out here this morning. Peanuts are not considered as an oil crop. They have not been considered an oil crop except during a few years of the wartime emergency. And, every effort has been made since to keep it from being an oil crop in the United States.

Is there any other comment on Mr. Rolleston's statement?

MR. WINGATE: I'd like to make one little statement with reference to the cost of operating the farm programs. I think he must have the wheat agreement costs in with those figures. If you will go back and check the figures on your basic commodities, it would be very, very



MR. WINGATE: (cont'd.) small on the basic crops. Every one of these crops are controlled. Some are controlled by the week, and by the month. We can attempt to control, once a year. When they are not controlled, they go broke. I can mention one industry that is going to go broke, pretty soon. I wish you would check those figures and see just what the cost is.

MR. PRICHARD: Thank you, Mr. Wingate. Is there any other comment?

MR. ENGLISH: As a crusher and refiner, we do not want peanuts subsidized as peanut oil. We want to be on record as being against the government's subsidizing peanuts as oil. As Mr. Rawlings and you have explained, the only reason excess peanuts went into oil is that we had no other place to send them, except to Europe under the UNRRA program, etc. But we do feel that if the farmer wants to grow peanuts for oil of his own free volition, that we should not have a law that states that he shall do so under penalty of six cents per pound.

MR. PRICHARD: Thank you, Mike. Is there any other comment?

Mr. Rolleston, you mentioned the determination of the quota in 1953. I believe I'm correct in this statement, am I not Mr. Parks? The population increase and other factors were taken into account.

MR. PARKS: Yes they were taken into account this year, George. I think you'll find that the edible quota is 3-1/2 percent above the 1952 quota, which I think covers those items. I will say though, that there are no two statisticians that will give you exactly the same answer.

MR. PRICHARD: I would like to propose, if it is agreeable with Mr. Rolleston and the remainder of the group, that we attach to the record of this meeting a statement of our considerations. Is that in order, George? After you have received that, we would be glad to have any further comments you may care to give us on that question.

(See Exhibit A attached)

Are there any further comments on Mr. Rolleston's statement?  
Mr. Boyd --

MR. BOYD: I would like to make a few remarks in answer to these other gentlemen here. This is a farmer program; the farmer voted for controls on this program and I don't know of any instance where the farmers have tried to intervene in any processor's business, or to control his operations, or have anything whatsoever to do with it. This is

MR. BOYD: (cont'd.) - our program. We voted for it. And I think we ought to have the liberty of voting or controlling it, or doing whatever we want to do, so long as we are in unity and it is good for the country as a whole.

MR. PRICHARD: Thank you, Mr. Boyd. Any other comments?  
Mr. Walde --

MR. WALDE: My name is Love Walde. I am Managing Director of the Peanut Butter Manufacturer's Association, representing the Peanut Butter Industry. As for the importance of the industry, I think I only need make one brief comment. That is, that statistics show that approximately 50% of the edible peanuts that you farmers raise and the shellers shell finally go to the consumer in the form of peanut butter. Our Association has what we call an Association Affairs Committee. The Chairman of this Committee is Mr. J. L. Rosefield of the Rosefield Packing Company. Mr. Rosefield, or as we know him by his first name, Joe, usually attends these meetings. But this year, he was unable to attend and his committee has submitted this statement. It represents not only Mr. Rosefield's opinion, but the opinion of the Committee of our Association and the opinion of the Officers of our Association with whom we have discussed this matter, and further, my own. I will read.

Following Statement read by Mr. Walde

I have the impression that almost every one in the peanut industry feels that suggestions by interested parties at meetings such as was called for December 17 to hear the proposed support program for the 1953 peanut crop receive very little consideration. Regardless of this, however, I wish to take this means of presenting some ideas, in lieu of a presentation in person. I feel it would be unfair to my company and the industry if my absence or silence were misconstrued as approval of last year's program, particularly since I have been led to believe that this year's proposal is to be patterned along the same lines.

Frankly, there is very little in the entire setup of which I approve or which I feel is in the best long-range interest of any part of the industry, not excluding the grower. I realize, however, that all programs must work within the framework of the law. With this in mind, I will confine my remarks to statements that I believe are germane and practical.

I believe the present method of acreage allocation is unsound and needs drastic revision to insure adequate supplies of the several types of peanuts the consumers need and want. We all know that the Southeast has been increasing the growing of Runner-type peanuts so that the trade is being forced to look largely to the Southwest for their needs of Spanish peanuts. I believe the present laws allow for increased acreage if it is shown that certain type peanuts are in short supply. In my opinion there has been a decided shortage of Spanish-type peanuts produced during the last two crop years.



MR. WALDE: (cont'd.) The Virginia-North Carolina area is largely committed to the growing of Virginia-type peanuts. The southeastern growers seem to favor Runners, so we must allow the Southwest increased acreage if we are to have enough Spanish peanuts available to fill the country's actual needs for this variety of peanut. This can be done within the framework of our present laws. To do less is to ignore actual conditions and to flaunt the laws written to take of just this kind of situation.

I am in sympathy with a loan plan and was one of its early advocates. I am, however, opposed to the action of certain elements, notably some State PMA members and others, who by personal interviews, public meetings, newspaper and radio make appeals to try to induce growers to place their holdings under loan. If business were to attempt any such questionable tactics they would be prosecuted and punished as in restraint of trade and as engaged in price-fixing practices.

The mere fact that quasi officials of the government have indulged in this sort of activity does not make it right or desirable. Commodity Credit Corporation and its agencies should not be precipitate in acquiring peanuts through loans or purchases. Such action in the past has frequently disrupted orderly marketing, forced up prices, and even created unnecessary artificial shortages. Once peanuts pass into the hands of government agencies, either by loans or purchases, they cannot be gotten back into edible channels except by payment of 105 percent of support prices, plus all accumulated carrying charges.

In the past we have heard of up grading by inspectors working on peanuts intended for loan or purchase by government agencies. Such practices not alone make for unfair competition with legitimate private purchases, but tend to discourage quality production. It makes for loose growing, harvesting and curing methods.

The Department of Agriculture should try to enhance the grower's income by teaching him economics, seeing that he is allotted sufficient acreage for his needs and by developing proper types and practices that will enhance his profits. Up to now they have resorted to trying to increase his return by constantly jacking up the price. This is not sound economics and is not in keeping with modern business methods. It has helped to dry up demand and shrink the farmer's return by decreased acreage allocation.

In considering peanut programs, I believe serious consideration should be given to the discouraging result of past peanut support programs. Please note that since 1945 oleomargarine sales per capita have more than doubled, while peanut butter sales per capita have declined 18 percent. This was caused largely by the increasing disparity between peanut butter prices and those of oleomargarine. Other end users of peanuts have suffered equal declines in consumer acceptance.

MR. WALDE: (cont'd.) Peanut butter manufacturers have done an almost impossible job by intensive advertising and selling effort to fight off other competitive spreads. Peanuts are not above economic laws and must become more competitive in price or cease to be a food for the masses. Please consider the following figures:

Overall Consumer Price Index for July 1952 equals 191  
Margarine equals 156  
Our brand of Peanut Butter (SKIPPY) equals 222  
General Food Index equals 235  
Virginia-type shelled peanuts at 19¢ for No. 1's  
equal 316  
Spanish-type shelled peanuts at 21½¢ equals 357  
Southwestern farmers stock at 12¢ equals 373

We feel that digestion of these facts must bring a realization of the severe handicaps under which the peanut end user operates and now precarious is the future of the entire peanut industry.

The Department of Agriculture should recognize that the high cost and poor quality of peanuts during the last several years have tended to reduce consumer acceptance of peanuts as a food. We are all interested in the grower's well being, but we do not believe that high cost on small acreage of inferior qualities is in the best interest of growers, manufacturers, nor the consumer.

A summarization of the above suggestions embodies the following points:

1. Increased peanut acreage for the Southwest.
2. Government and its agencies should not attempt to influence unduly growers to sell or put peanuts under loan; but, rather, should encourage use of the normal channels of trade.
3. Peanuts for loan or government purchase should be graded strictly according to standards.

These few suggestions are not radical or unworkable, neither do they need any changes in the present laws. In my opinion, if they were to be made effective for the 1953 crop, they would at least be a start toward returning our economy to the people.

MR. PRICHARD: Thank you, Lowe. Are there any questions or comments on Mr. Walde's statement?

MR. RANDOLPH: What month was that index figure you quoted?

MR. WALDE: That was for 1952, July.

MR. RANDOLPH: Where did you get your base?



MR. WALDE: Base? I don't have the base. I'll be glad to look it up. This came in before we had time to thoroughly analyze it. But I understand this is the present index in use by the Bureau of Agricultural Economics in Agriculture.

MR. RANDOLPH: I just wanted to find out which year you were comparing.

MR. WALDE: The important thing is that you have a relative index of the general consumer price index of 191 to 222 for peanut butter and as high as 373 for Southwest farmers stock.

MR. RANDOLPH: I wasn't arguing about it; I just asked the question.

MR. WALDE: I see.

MR. PRICHARD: We will get that in the record, if it is agreeable. Is there any other comment?

Note: Mr. Walde's office received following telegram from Mr. Rosefield regarding base period used in statement presented at peanut meeting.

"We used Bureau of Labor Statistics Consumer Price Index for general references and specific averages on same base period of 1935 to 1939 on commodities referred to."

MR. CRAWLEY: Mr. Prichard, I have a question.

MR. PRICHARD: Mr. Crawley --

MR. CRAWLEY: If I understood Mr. Walde correctly, he made the statement that Federal-State Inspectors have up-graded peanuts for loan purposes. I feel that the Fats and Oils Branch or the Fruit and Vegetable Branch, which is in charge of Federal-State Inspection, would like to have whatever information Mr. Walde might have.

MR. PRICHARD: Thank you, Mr. Crawley. Mr. Baker is here and Mr. Conklin if they care to make a statement, but I think I can say for them that everything possible has been done to grade peanuts correctly not only on loan peanuts, but peanuts in the commercial trade. Do you care to make any statement, Baker? You or Burt?

MR. BAKER: I would like to have that statement read again.

MR. PRICHARD: I will read it for you. "In the past we have heard of up grading by inspectors working on peanuts intended for loan or purchase by government agencies. Such practices not alone make for unfair competition with legitimate private purchases, but tend to discourage quality production. It makes for loose growing, harvesting and curing methods."

Item 3 in Mr. Walde's summarization reads, "Peanuts for loan or government purchase should be graded strictly according to standards."

MR. BAKER: I would certainly like to say for the record that if there is any evidence at any time that peanuts are being up-graded by our Federal or Federal-State Inspectors that we want to know about it. And every effort is being made and will be made to see that standards are interpreted in accordance with the program as it may be written.

MR. PRICHARD: Thank you, Bake.

MR. WALDE: I will see that that statement is submitted to all our members.

MR. PRICHARD: Thank you, Mr. Walde. Are there any other questions or comments on Mr. Walde's statement? Mr. Ben Birdsong --

MR. BIRDSONG: Thank you, George. I told you I had a prepared statement. Listening to these others, I think I exaggerated a little bit. I have quite a cold and I'm not going to take very long. I'm up here in the name of B. M. Birdsong Company and I'm representing the Virginia-Carolina Peanut Association. My Association sent us up here to observe and listen. We don't feel that we have had enough background from previous meetings that we could comment too intelligently. I would, however, like to make some general remarks and my remarks will be generalized.

We in the Virginia-Carolina area would like to go on record as opposing the construction of warehouses in our area. I stand to be corrected, but I believe there are approximately 35 scattered through North Carolina and Virginia. We oppose this, because we do not feel that they are needed, and to us, it appears to be an uncalled for and unjustifiable expenditure. Any time you spend money for something you don't need, it's just a rank expense. We say this, in view of the fact that acreage has been cut very heavily and in previous years when they grew many more peanuts, the crops have always been housed.

The carry-over in the Virginia-Carolina Area this year, which is the first time in a number of years that we have had any carry-over amounted, I think, to approximately 25% of our crop. It is being carried so far as we can see (and we stand to be corrected) for no apparent good reason. Those peanuts are bound to be infested. Infestation is always a problem to the sheller and a very serious problem to the manufacturer. The pure food folks are very active. They do a splendid job and they certainly do a necessary job. Those peanuts are not improving and certainly the expense of carrying them is going up.

Present indications for this crop are as I see it, (and this is my personal opinion) that with the continuation of favorable weather conditions, the government warehouses will not be fully utilized. In 1953, I believe it is reasonable to assume, that the 1951 carryover will be disposed of in one way or another. It does not appear that there will be any big government holdings in the Virginia-Carolina area this year. In other words, we will have approximately 1,800,000 to 1,300,000 bags of peanuts and with the reduced acreage, there is very little likelihood that there will be any carry-over. We recognize, of course, that you have to be prepared for certain things, but it seems unreasonable to us.



MR. BIRDSONG: (cont'd.) Another thing about these warehouses and why you have to build them as you did have to build them. I believe the government representatives came down in our area and they wanted space to store peanuts if they needed it. And I think some space was offered to them; probably more would have been. But I believe the basis on which the government wants space is pretty much a one-way street. If they would put the shoe on the other foot and assume that they owned the warehouses, when a man says, "Yes, I want that warehouse if we need it. We intend to pay you on a per bag basis." When there is no guarantee of rental, it is hard to assume that any space will be available on that basis. I don't mean to say that in a critical way. I think it is a constructive suggestion. Certainly a man that owns a warehouse should have some sort of guarantee of rental. That is my opinion.

We recommend that serious consideration be given to increasing acreage. We realize this problem, but we believe that a normal increase in acreage to act as a cushion in case of crop failure is more desirable than the apparent effort to carry old crop peanuts for a period of several years as a cushion against crop failure. I assume that is what's being done. It may have been the best way up until now. But old crop peanuts are not too desirable to the edible trade, unless they have been carried in cold storage and kept free from infestation. For that reason we think you should seriously consider a normal increase in acreage for such failures as you had in 1951 in the Southeast and Southwest, and again this year in the Southwest. It may be too that it meets with the best needs of the industry to consider the need of allocating acreage by types. I think the confectioner's industry and other Spanish users have been very hard pressed by the crop failure in the Southwest.

We again wish to reaffirm, without going into detail, what we consider a necessity and certainly should be done. That is, the opinion that we brought to Commodity last year on several occasions, justifying our stand that the base price on farmers stock spread between Runners and Virginia type peanuts should be narrowed and brought to within close proximity. We believe that it is necessary for competitive reasons.

That is all I have to say. We are looking forward to the regional meetings. We, of course, are going to study this. These are just my general remarks. We will try to be more specific after we have had time to study it. Thank you.

MR. PRICHARD: Thank you, Ben. Are there any questions or comments regarding Mr. Birdsong's statement?

MR. WINGATE: I would like to ask him a question. How do you suggest handling those surplus peanuts, that is, the increase, rather than carrying it over each year.

MR. BIRDSONG: How to handle old crop peanuts? What to do with them?

MR. WINGATE: No. How to handle this increased acreage that you just asked for which would give us a greater surplus. How would you recommend handling those?

MR. BIRDSONG: I am certainly no expert. I am just a half-way business man, but I think that when you control any commodity exactly as to what you think the demand is, you figure it too close. You have to find some figure that is reasonable, but it is too close. I think it should be done even at the risk of having a surplus, rather than at the risk of having a shortage.

MR. WINGATE: I would like to ask Mr. Prichard. Don't you include in that figure a reasonable surplus.

MR. PRICHARD: No. The laws provide that it be figured against the estimated need for that coming crop year. We do make an allowance for damaged peanuts. Otherwise, (correct me if I am wrong, Mr. Parks), the marketing quota is converted to an acreage allotment which, on the basis of normal yields, will produce the estimated quantity of peanuts required during the crop year. We do have some other cushions. We have commercial stocks; we have the carryover of Virginia type peanuts. We originally had, as I recall, about 55,000 tons. Something over 5,000 tons were bought and used by the commercial trade. The reports I have are that they are in excellent condition and have been keeping well. I think, Tiny, that if a cushion is put in every year thereby increasing the acreage, that it would mean so much loss per annum charged against the peanut program. You do have the other point here, that is, if you don't have some cushion there may be some shortage during a given year. I think that is the point you were trying to make, isn't it.

MR. WINGATE: I didn't know we had ever run that short of them.

MR. BIRDSONG: I think there has been an extreme shortage of Spanish types. There has been a very short situation for that type.

MR. WINGATE: We did have a very unusual drought this year.

MR. BIRDSONG: I'll grant you that, but you never know when it is coming.

MR. PRICHARD: I might point out that this increase for a given type is not contingent on the crop produced during a given year. You estimate what would be produced from the acreage allotted with normal yields and which is normally devoted to that type and then look at that statistically to see whether it will result in a shortage. The only place a current drought would come into account would be the fact that there very likely will be lower stocks for that particular type going into the next crop year. Is there any other question or comment?

MR. RAWLINGS: I have just one comment. It is with reference to those warehouses constructed in Virginia. Our Association participated in those recommendations. I might say it was a unanimous recommendation.



MR. RAWLINGS: (cont'd.) In our executive committee, that we request Commodity Credit to join with the cooperative in the recommendation with the PMA people in the county producing peanuts. We did not know where we stood on it. It is true that we have had a much larger crop of peanuts in Virginia than Commodity intended would be produced this year. Obviously we had enough storage to house that crop, but the sixty-four dollar question was whether that storage was available to producers so they could utilize it and realize the support price on peanuts. It is my understanding, and our peoples' understanding that the Department made a last effort to see that the people who had the storage would make it available to the cooperative. For various other reasons, I am not arguing about that, but possibly the terms were unsatisfactory to them from a business standpoint, but we were about to start picking peanuts down there and were faced with the problem of having commercial storage lined up to handle only about six percent of the crop. We very hastily asked Commodity Credit Corporation, through our State PMA office to join with the Growers Peanut Cooperative to construct 48 warehouses in Virginia. We have 35 of them constructed. Our aim is to construct another 13 before another crop comes in.

MR. BIRDSONG: May I ask Mr. Rawlings, a question?

MR. RICHARD: Yes you may, Ben.

MR. BIRDSONG: What did it cost for these houses, Bill?

MR. RAWLINGS: I didn't see all the contracts, Ben. There is a reasonable variation there. I don't know what they cost.

MR. BIRDSONG: Somewhere around \$300,000. or more?

MR. RAWLINGS: I'd say somewhere in that neighborhood.

MR. BIRDSONG: It looks to me like we could have had a little better arrangement there and could have saved the expense of \$300,000. It doesn't look as though it will even be utilized this year.

MR. RAWLINGS: Obviously they could have handled a lot more peanuts this year had those warehouses been open at the time the marketing season started. I don't think anybody felt that those warehouses would be filled up this year, but we felt like it was darned good insurance.

MR. JORDAN: I would like to make a few brief comments in support of Mr. Rawlings statement in justifying the construction of these warehouses. The State committee working with the county committees and the Growers Peanut Cooperative conducted a farm survey. The result indicated that we had enough storage on the farms for approximately 7% of our crop. After holding several meetings with growers and county committees we made a formal request to Commodity Credit to construct 48 warehouses. They will store an estimated 10% of the crop. We think that is a reasonable amount of storage to be made available.

MR. BIRDSONG: Why would you assume that you needed warehouses to handle 17% of the crop?

MR. JORDAN: I think you will agree Ben, that we held a meeting in Suffolk with warehousemen and at that meeting we did not have one warehouseman that would offer storage for peanuts.

MR. BIRDSONG: Well, if you owned that warehouse, would you offer it for storage, Charlie? It was a mighty poor proposition.

MR. PRICHARD: Thank you, Ben. Thank you, Charlie. Any further comment on Mr. Birdsong's statement?

MR. PRICHARD: Is there any further comment any one wants to make on the 1953 peanut program or any other phase of the peanut program?

MR. WINGATE: Mr. Chairman, do you mean you're about to adjourn?

MR. PRICHARD: I didn't say so, Tiny, but I think it's a good idea. We are finished with the prepared statements. Anyone who cares to speak may have the floor.

MR. WINGATE: I don't have much to say. I understand you will have a meeting in each of the three regions. I think that is the best place to discuss this. I would like to throw out here. I guess you will bring your recommendations to those meetings, is that right?

MR. PRICHARD: What do you mean by recommendations?

MR. WINGATE: Recommendations for the program, as in other years.

MR. PRICHARD: Yes, I think we will have an outline. I want to make it clear that it will be for discussion and represents no commitment.

MR. WINGATE: I understand that. I'd just like for you to consider it in getting it more in line with some of the loan programs. For instance corn is at 90%. I'd just like for you to turn that over and think about it a little bit. You are loaning 90% on some and not on others. It's all under the same law. I would like you, you might like to turn that over and say this, that the farmers in Georgia are vitally interested and ready to discuss that with you, when the time comes and I just want to get a little change on what you have and it looks to me like that could certainly be straightened out some way. As far as any other remarks, I would rather hold mine until we have a regional meeting. I came up more to listen.

MR. PRICHARD: Mr. Akers says to me aside if you have any thoughts, he would like to have them before he draws up this outline. Now I think I understood you, Tiny, you said -- make the deducts less, -- less deductions than were made in 1952. I think you made that suggestion last year too.



MR. WINGATE: Yes, I just wanted to remind you that we had not forgotten it. (laughter)

MR. PRICHARD: Mr. Randolph --

MR. RANDOLPH: Mr. Chairman, if you are about to close I would like to insert in the record the resolution on peanuts adopted at the annual meeting of the Alabama Farm Bureau Federation. It is on page 32 and 33 of this little book. I will just leave it with you, if you like. It is just about like it was last year so we will not read it.

Statement reading as follows incorporated as part of record of meeting

We commend the Alabama Farm Bureau Federation and the American Farm Bureau Federation for the fine work they have done on behalf of the peanut producers and urge them to further correct the grading regulations on peanuts as follows:

1. That the moisture content continue to be uniform over the entire peanut belt.
2. That penalty for foreign material be changed from present status and restored to that prevailing governing the grading of peanuts for 1949.
3. That all peanuts split when shelled for purpose of grading by graders be considered as sound peanuts and as a part of sample.
4. That farmers be allowed to shop around with their peanuts the same as any other crop and that there be no charge made for these additional inspections.
5. That the present apparent irregularities in the damage feature of the rules be changed so as to eliminate the wide variance of discounts between the different percentages of grades.

We urge that the farmer producer continue to be represented when the rules and regulations governing the grading and marketing of peanuts are formulated.

We further recommend that rules and regulations governing the grading and marketing of peanuts be made and published on or before March 1st of each year, and that same not be changed after the selling season starts.

Resolution on peanuts adopted at the  
annual meeting of the Alabama Farm  
Bureau Federation (cont'd.)

Realizing the dangers of root rot or nematodes to peanuts and possibly other crops, we recommend further study and research by the U. S. Department of Agriculture and Alabama Experiment Station to control them.

We commend the State Legislature for the appropriation made to finance research on peanuts at Experiment Station, Headland, Alabama, and urge further appropriations if found to be necessary.

We urge the Federal Research and Marketing Board to make further research into uses of peanuts.

We ask that a study be made about the feasibility of formulating plans to further promote the sale and use of peanuts and its many products.

We urge that immediate steps be taken to provide necessary warehouses so that peanut producers may store their peanuts and thereby enable them to take advantage of the provisions of the 1952 Peanut Marketing and Loan Program. It has been brought to our attention that farmers are unable to place their peanuts under the loan provision, due to an almost absolute lack of approved warehouses which should be procured by the PMA.

MR. PRICHARD: Thank you. I did not mean to imply that it was my intent to shut off discussion here. We have the whole day and I am willing to spend the day and the night and some of tomorrow, if you want to.

MR. WINGATE: George, I don't want to stay. (laughter)

MR. PRICHARD: Is there any other comment any one cares to make?

MR. WINGATE: Do you have a copy of our resolution? If you don't, we will mail it to you.

MR. AKERS: Yes, I have that. You want that made a part of this record?

MR. WINGATE: Yes sir.



Statement reading as follows incorporated as  
part of record of meeting

RESOLUTIONS RELATING TO PEANUTS  
Adopted at the Fourteenth Annual Convention  
of the  
Georgia Farm Bureau Federation  
Held in Savannah, Georgia on  
October 29, 1952

BE IT RESOLVED: That the peanut committee and the President of the Georgia Farm Bureau, representatives from each of the other two peanut producing areas investigate peanut conditions and to recommend a peanut program for 1953. The proposed program to be announced on or before December 1, 1952.

BE IT FURTHER RESOLVED: That a committee of representative farmers, and the Federal Inspection Service be appointed to devise an improved and acceptable peanut grading program.

BE IT FURTHER RESOLVED: That all marketing agreements forbid the including of No. 2 shelled peanuts into the edible trade.

BE IT FURTHER RESOLVED:

1. That peanut grades eligible for price support be announced at the time peanut allotments are issued.
2. That there be no carry-over of peanuts by the government.
3. That Federal and State Inspection of peanuts be eliminated except at CCC warehouses and that such inspection be improved. If for any reason Federal and State Inspection of peanuts is not eliminated we recommend review just prior to Convention.
  - (a) That hours for inspection be comparable to the farmers work day.
  - (b) That peanuts be graded each work day.
  - (c) That the "Writing in Card" and fees for re-inspection be eliminated.
4. That an educational program be launched to acquaint farmers with their responsibilities under the program.
5. That Public Law 17 be repealed and that the acreage established under this Law not be used in the allocation of future peanut programs.
6. That Farm Bureau representatives be present when edible grader premiums and discounts are determined and that price support be announced at the time allotments are issued.

Resolutions of Georgia Farm  
Farm Bureau Federation (cont'd.)

7. We recommend that the Board of Regents, or the Governor, appropriate sufficient funds for an extensive research program on peanut diseases, production, and harvesting. That this research be placed in effect for 1952. Also that the Agricultural Research and Marketing Administration be requested to enlarge and intensify its research on this field.

8. We recommend that peanuts be continued as a basic crop and supported at not less than 90% of parity.

9. We recommend that peanuts be transferred from "Fats and Oils" division to "Special Crop" division.

10. We further recommend that the Commissioner of Agriculture continue to enforce seed laws and if present law is inadequate, that legislation be enacted to protect farmers in planting seed.

WHEREAS, The Agricultural Act of 1949, as amended, authorizes and directs the Secretary of Agriculture, through loans, purchases, or other operations, to support the price of peanuts to cooperators at not less than ninety percent of the parity price, and the Secretary announced a support at the level for the 1952 crop of peanuts; and

WHEREAS, the Congress intended that the Secretary of Agriculture should provide and administer such support price program in such manner as would assure peanut producers not less than ninety percent of parity in the market place at harvest time, without deductions or delay; and

WHEREAS, the Secretary was providing that type of support price program, for the 1950 crop of peanuts, at the time peanut producers voted to continue marketing quotas on peanuts for the three years 1951, 1952 and 1953 and he provided such type of program for the 1951 crop of peanuts; and

WHEREAS, the peanut producers had the right to expect and to enjoy a support price program through said three-year period that would assure them not less than ninety percent of parity in the market place at harvest time; and

WHEREAS, the 1952 support price program does not, in any way or manner, assure peanut producers ninety percent of parity for their peanuts, but on the contrary, provides the producers no support whatever in the market place at harvest time and requires them, in order to enjoy any price protection whatever

(1) To either place their peanuts in storage on their farms, subject to the ravages of insects, rodents and the weather, and receive a loan of from fifteen to twenty dollars per ton less than ninety percent of parity and with full responsibility for all damage and deterioration to the peanuts while in storage, or



Resolutions of Georgia Farm  
Farm Bureau Federation (cont'd.)

(2) To secure a purchase agreement under which the producer may receive ninety percent of parity support price on May 31, 1953, but is required in the meantime to keep his peanuts on storage at his own expense, either on the farm or in commercial storage; or

(3) To deliver his peanuts to the GFA Peanut Association for sale and receive an advance equal to about fifteen dollars less than ninety percent of parity with the promise that, unless the President of the Commodity Credit Corporation otherwise directs, he will receive his prorata part, on a segregation basis, of the profits, if any, GFA may have from the sale of such peanuts, but without any assurance that any such profits will be realized or whether it will be one year or two years or longer before the producers will be paid their portion of any such profits; and WHEREAS, although the 1952 support price program for peanuts authorized the approval of storage warehouses and the making of loans direct to producers by the Commodity Credit Corporation, under which the producers would retain the title to their peanuts and have the right to sell their peanuts whenever they desired and enjoy the full benefits at that time of the price received in excess of such loan, the President of the Commodity Credit Corporation (who is also the PMA Administrator) refused to require the approval of such warehouses or the making of such loans and none are available to the producers of peanuts but are available to the producers of cotton, corn, wheat, and other commodities;

NOW THEREFORE, BE IT RESOLVED: That we urge and insist that the support price program for the 1953 peanut crop conform to the law and assure the producers, either through Commodity Credit Corporation loans or purchases, a price of not less than ninety percent of the parity price in the market place at harvest time.

BE IT FURTHER RESOLVED: That W. J. McKemie, Jr., Clay County was duly elected Chairman of the Peanut Committee of the Farm Bureau; A. J. Singletary, Early County, Vice-chairman and C. E. Taylor, Brooks County, Secretary for the year 1953. The Chairman is authorized to appoint as many members as he sees fit.

MR. PRICHARD: Mr. Maddox --

MR. MADDOX: inaudible

MR. PRICHARD: Julian, I couldn't hear you, I am sorry.

MR. MADDOX: On what you intend to recommend for 1953, do you intend to send that to us prior to your arrival at the regional meetings?

MR. PRICHARD: Do you, Mr. Akers?

MR. AKERS: I hadn't thought about it before.

MR. PRICHARD: I'd send it as an outline of what we think, following the discussion yesterday and the discussion today, but I certainly would want it understood that anyone who does not agree with any particular point, should not come back and say we made up our mind before we had the meeting.

MR. MADDIX: That's all you can send, George, an outline, at this time.

MR. AKERS: We'll be glad to do that, Julian. And we can send it to all of the groups. Is there anyone else who cares to make any comment?

MR. POND: Mr. Prichard, are we going to get a copy of these minutes and these resolutions that have been made a part of them?

MR. PRICHARD: W. T., we'll duplicate these minutes as we have done in the past, and every person of record here today who has signed the register will receive a copy, and there will be additional copies upon request to anyone who wants them to go to his membership.

MR. POND: Thank you!

MR. AKERS: Now is there anybody here who has not signed this record?

(pause as register circulated)

MR. PRICHARD: Mr. Baker --

MR. BAKER: There have been two references made here today, relative to Federal grades and inspection, one by the end-users. I quote "by the end-users." I have explained our position in regard to the one that was mentioned last.

Insofar as the confectionery people are concerned, I would like to call their attention to the fact that there has been no material change in the grades for shelled peanuts over some length of time. The records, I believe, will indicate that even though we have a very desirable grade for shelled peanuts, that the major portion of the peanuts which are purchased by the end-users are at a lower grade than at the top grade which we recommended. We are constantly trying to improve our standards. We have met with the confectionery people. We endeavored a year ago, to make our standards tighter. They objected very strenuously to the changes which we wanted to make.

I want our position clearly understood that, insofar as the Fruit and Vegetable Branch is concerned and the Standardization Section of that Branch, we are endeavoring, and will continue to endeavor to make our standards as fair, as practicable, and as usable, as it is possible and yet, at the same time, have a sufficient number of those



MR. BAKER: (cont'd.) standards to enable any contracting parties to buy at a higher or a lower grade, depending on what they want to use that standard for. It is my belief, in connection with the statements made here this morning regarding those standards, that there is some lack of understanding as to the purpose which we develop standards for and the manner in which we are trying to constantly improve. George, I wanted that to go into the record.

MR. PRICHARD: Thank you, Bake.

Are there any questions anyone cares to ask Mr. Baker while he is here? Any other comment anyone cares to make. I would like to recognize, before we leave, Mr. Dean of the Administrator's Office. Stand up, John, if you will. -- Mr. Bridgforth, Mr. McAfee, Mr. Quin, of the Solicitor's Office.

(Messrs. Dean, Bridgforth, McAfee and Quin rise and)  
(acknowledge introductions which were followed by )  
(applause from the audience )

MR. AKERS, do you wish to make a speech?

MR. AKERS: I would like to ask one thing, George, if you are not going to cover it.

MR. PRICHARD: All right.

MR. AKERS: In these area meetings we are talking about, shouldn't we try to get these things all wound up and cover both our marketing quota and price support provisions. We could set up marketing quota committees to work out the record keeping you have to go through at the same time we are on at the same time we are discussing the price support. Do you want to handle it that way?

Now, if I understood, Mr. Wingate, you said there would be several farmers at the meeting.

MR. WINGATE: Yes sir.

MR. AKERS: I am sure they would not be too interested in having to know what records the shellers have to keep, and that sort of thing. While we are down there shouldn't we try to straighten the thing out at one time, perhaps through several committees.

MR. PRICHARD: What you have in mind, Howard, is of primary concern to PMA and the shellers. Is that right? You are talking about just the detailed records and reports on marketing quotas.

MR. AKERS: But if we are going to go down there why don't we do it all at one time. George Parks has this committee to discuss these deductions for damage. That would be of interest to this group. What I am trying to do is to get it together all in one bundle -- in one meeting -- the whole peanut program -- marketing quota and price support too.

MR. PRICHARD: Is that agreeable to everyone?

MR. AKERS: To try to do the whole thing.

MR. RANDOLPH: If it can be done.

MR. AKERS: I understand that we are going to have a little administrative problem in doing that, but we shouldn't expect to go around twice, when we just have one program.

AUDIENCE: You have the time element.

MR. AKERS: We will have to check with some of the states and the sheller representatives as to how we can best work out the details in getting it all accomplished at one meeting. But I would like to try it, if it is agreeable.

MR. PRICHARD: In the absence of any expressed disagreement, we will make our plans that way, Howard. If it does not work out, we will do something else.

MR. RANDOLPH: You can't do it in one day.

MR. PRICHARD: We will have to spend a couple of days on that, Walter. We will try to have a separate session on the marketing quota end of it.

MR. AKERS: Maybe we could have a small sheller group that is going to keep the records make their recommendations on that, maybe a day ahead, so we could line it all up.

MR. RANDOLPH: It's desirable, if it can be done.

MR. PRICHARD: Is there anything further to come before the meeting? (pause) If not, the meeting stands adjourned and we wish each and everyone of you a Merry Christmas and a Happy New Year!

( meeting adjourned at )  
(12:35 P.M. December 17, 1952)





STATEMENT ON THE 1953 PEANUT MARKETING QUOTA,  
NATIONAL ACREAGE ALLOTMENT, AND APPORTIONMENT TO STATES

The purpose of this statement is to show the basis for the determination of the 1953 national marketing quota, the national acreage allotment, and the apportionment of such allotment to the States, pursuant to Section 358 of the Agricultural Adjustment Act of 1938, as amended.

In summary, the following determinations were made for the 1953 crop of peanuts: a national marketing quota of 663,000 tons, a normal yield of 790 pounds per acre, and a national acreage allotment of 1,678,481 acres.

National Marketing Quota

Subsection 358 (a) of the Act provides that "Between July 1 and December 1 of each calendar year the Secretary shall proclaim the amount of the national marketing quota for peanuts for the crop produced in the next succeeding calendar year in terms of the total quantity of peanuts which will make available for marketing a supply of peanuts from the crop with respect to which the quota is proclaimed equal to the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which such quota is proclaimed, adjusted for current trends and prospective demand conditions, and the quota so proclaimed shall be in effect with respect to such crop."

The 663,000 ton quota was based on the average quantity of peanuts harvested for nuts during the past five years, 1947-51, adjusted for current trends and prospective demand conditions as follows: (See Exhibit A for supporting data.)

(1) Domestic Use of Peanuts for Commercial Edible Purposes

The requirements estimated for commercial edible purposes from the 1953 crop were 510,000 tons farmers' stock basis, as compared with a 1947-51 average of 462,000 tons, a 1949-51 average of 467,000 tons, and 496,000 tons in 1951. On the basis of present indications, the expected increase in population should result in an increased consumption of peanuts and peanut products over 1951 amounting to about 14,000 tons, farmers' stock basis.

In making these estimates, it was assumed that there will be no general shortage and/or rationing of sugar, meats, and other items such as jams and jellies, and, furthermore, that there will be no complete mobilization during this period.

(2) Used at Home and Sold Locally for Edible Purposes

The 1947-51 average quantity of peanuts used on farms and sold locally for edible purposes was 42,600 tons, farmers' stock basis, and the 1949-51 average was 36,000 tons. A usage of 42,000 tons



was adopted as a reasonable and adequate allowance for 1953.

(3) Fed and Lost on Farm

The quantity of peanuts fed and lost on farm during the period 1947-51 averaged 11,000 tons annually. However, since in four out of the past five years the usage for this purpose was 12,000 tons or more, an estimate of 12,000 tons was adopted for 1953.

(4) Exports for Edible Use

There has been a downward trend in the quantity of peanuts exported for edible use. The 1947-51 average was 18,000 tons per year, and the 1949-51 average was 4,000 tons. The relatively large exports for edible use in years prior to 1949 went principally to Canada. For the past several years Canada has imported peanuts largely from Mexico and India. Based on available information it was estimated that 4,000 tons will be exported for edible use from the 1953 crop.

(5) Seed Requirements

An allowance of 75,000 tons was made for seed from the 1953 crop. Based on average seeding rates during the past five years, this quantity is sufficient to seed approximately 2,500,000 acres, which is an adequate allowance for the quota acreage, peanuts for hogging off, and for other purposes.

(6) Damaged and Unfit for Edible Use

The quantity of peanuts damaged to the extent that they are unfit for edible use depends primarily on weather conditions at the time of harvest. Assuming normal weather conditions for the 1953 crop, an allowance of 20,000 tons was made for damaged peanuts unfit for edible use from the 1953 crop. This allowance is identical with allowances made in determining the 1951 and the 1952 national marketing quotas, and represents slightly less than 4 percent of the estimated 1953 requirements for commercial edible purposes. Based on data obtained for the 1949, 1950, and 1951 crops, this figure was considered reasonable and adequate for the establishment of the 1953 national marketing quota.

National Acreage Allotment

Subsection 358 (a) of the Act provides that "The national marketing quota for peanuts for any year shall be converted to a national acreage allotment by dividing such quota by the normal yield per acre of peanuts for the United States determined by the Secretary on the basis of the average yield per acre of peanuts in the five years preceding the year in which the quota is proclaimed, with such adjustments as may be found necessary to correct for trends in yields and for abnormal conditions of production affecting yields in such five years." In accordance with the

provisions of this section, the findings set forth in the following paragraph have been made with respect to the normal yield per acre for the United States applicable to the 1953 crop. Details of the findings and methods used in arriving at these findings are as follows:

The average yield per acre of peanuts for the United States during the five-year period 1947-51 was 778 pounds according to the latest available statistics as reported by the Bureau of Agricultural Economics. When adjusted for abnormal conditions of production, the average yield was reduced to 772 pounds. This adjusted yield further adjusted for trend as described below, resulted in an estimated normal yield for the 1953 crop for the United States of 790 pounds per acre.

Beginning in 1948, there has been an upward trend in yields per acre. Under these circumstances, it appears that more weight should be given the years beginning in 1948. Therefore the 1947-51 adjusted average yield was assigned a weight of one and the 1948-51 adjusted average yield a weight of two.

The adjusted average yields by States was weighted by the percent which the 1952 State allotment represents of the 1952 national acreage allotment exclusive of additional acreage allotted for Virginia and Valencia types of peanuts pursuant to Subsection 358 (c) (2) of the Act, and excluding also allotments determined for California, Missouri, and Arizona, for which States official yield data are not available. These calculations result in the normal yield of 790 pounds per acre for 1953.

The national marketing quota of 663,000 tons (1,326,000,000 pounds) divided by the normal yield of 790 pounds per acre resulted in a national acreage allotment of 1,678,481 acres for 1953.

#### Apportionment of National Acreage Allotment to States

Subsection 358 (c) (1) of the Act, Eight-Second Congress, provides that "For any year subsequent to 1951, the national acreage allotment for that year less the acreage to be allotted to new farms under Subsection (f) of this section, shall be apportioned among the States on the basis of their share of the national acreage allotment for the most recent year in which such apportionment was made." Subsection 358 (c) (2) provides with respect to the acres added on for the additional production of any specific type or types of peanuts, that "The additional acreage so required shall be in addition to the national acreage allotment, the production from such acreage shall be in addition to the national marketing quota, and the increase in acreage allotted under this provision shall not be considered in establishing future State, county or farm acreage allotments."



Subsection 358 (f) of the Act provides that "Not more than one percentum of the national acreage allotment shall be apportioned among farms on which peanuts are to be produced during the calendar year for which the allotment is made out on which peanuts were not produced during any one of the past three years ...." Under this provision a national acreage reserve of 8,392 acres (one-half of one percent of the national acreage allotment) has been withheld for establishing 1953 acreage allotments for farms on which peanuts will be produced in 1953 but on which peanuts were not produced in 1950, 1951 or 1952.

The national acreage allotment, less the reserve of one-half of one percent, was apportioned to States on the basis of State acreage allotments determined for the 1952 crop prior to additions for Virginia and Valencia types under the provision of Section 358 (c) (2) of the Act. (See Exhibit B for State acreage allotments).

## Exhibit A

Peanuts: Disappearance by Specified Uses U. S. Crops 1947-51, Inclusive 1/  
(1,000 tons, Farmers' Stock Basis)

Crop Year	Used for	Used at Home	Fed &	Lost	Exports	Used	Damaged and:
Beginning August 1	Commercial	and sold	:	on	for	for	Unfit for
	Edible	Locally for	:	:	:	Edible	Total
	Purposes 2/	Edible Purposes	Farm	Edible Use 2/	Seed	Use	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1947	445	64	13	47	114		683
1948	465	37	13	30	90		635
1949	424	41	12	8	89		574
1950	480	38	12	2	81		613
1951	496	28	7	2	69		602
Total 1947-51	2,310	208	57	89	443		3,107
1947-51 Average	462	42	11	18	89		622
Total 1949-51	1,400	107	31	12	239		1,789
1949-51 Average	467	36	10	4	80		597
Estimated Need from 1953 Crop	510	42	12	4	75	20	663

1/ Excludes peanuts (other than highly damaged peanuts provided for in the quota) crushed for oil domestically and exported for crushing.

2/ Based on an estimated outturn of 67 percent sound mature kernels (No. 1's and No. 2's.) Column 1 also includes loss other than loss on farm.

Fats and Oils Branch, PMA  
Program Analysis Division  
October 24, 1952





# Exhibit B

## Peanuts: Apportionment of 1953 National Acreage Allotment to States

State and Area	: 1952 Initial Acreage : : Allotment	Proposed 1953 : Allotment 1/
<u>Virginia-Carolina Area</u>		
Virginia	109,678	110,031
North Carolina	175,429	175,993
Tennessee	<u>3,704</u>	<u>3,716</u>
Total	288,811	289,740
<u>Southeast Area</u>		
South Carolina	14,282	14,328
Georgia	545,171	546,925
Florida	56,924	57,107
Alabama	226,508	227,236
Mississippi	<u>7,853</u>	<u>7,878</u>
Total	850,738	853,474
<u>Southwest Area</u>		
Arkansas	4,385	4,399
Louisiana	2,040	2,047
Oklahoma	142,705	143,164
Texas	368,980	370,166
New Mexico	<u>5,099</u>	<u>5,115</u>
Total	523,209	524,891
<u>Other States</u>		
Arizona	746	748
California	977	980
Missouri	<u>255</u>	<u>256</u>
Total	1,978	1,984
Total Apportioned to States	1,664,736	1,670,089
Reserve for New Farms	<u>8,366</u>	<u>2/ 8,392</u>
United States Total	1,673,102	1,678,481

1/ 1,678,481 acres, less reserve of 8,392 acres for new farms, apportioned to States basis column 1.

2/ One-half of one percent of the total national acreage allotment.

Fata and Oils Branch, PMA  
Program Analysis Division  
October 29, 1952





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UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration  
Washington 25, D. C.  
December 29, 1952

1953 PEANUT MEMO NO. 8

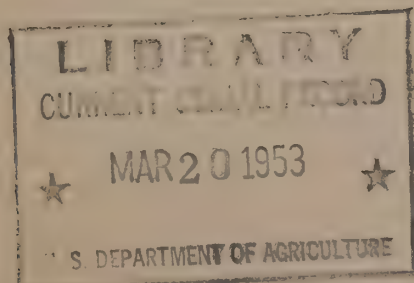
To: Chairman, State PMA Committee, Peanut-Producing States  
From: Assistant Administrator for Production  
Subject: 1953 Farm Peanut Allotments

Several States have raised a question concerning the procedure to be followed in establishing 1953 peanut allotments for farms falling under the following category:

	<u>Farm Peanut Acreage</u>	<u>Allotment</u>
1950	0	0
1951	10.0	0
1952	0	5.0

If the 1952 farm peanut acreage of zero is not adjusted upward because of abnormal conditions affecting acreage and if the procedure for adjustments for underplanting in 1952 in Section III, B, of Instruction No. 1023 (Peanuts-53)-2 is followed, the 1952 allotment for such a farm would be reduced to zero. Under our current procedure, unless an upward adjustment was made, the 1953 allotment for the farm would also be zero.

Since the farm meets the requirements of an old peanut farm, it is entitled to an allotment for 1953. Rather than establish an allotment for the farm out of the acreage reserved for upward adjustments or corrections, an adjusted acreage for each such farm should be determined by the county committee, based on the tillable acreage available for the production of peanuts; labor and equipment available for the production of peanuts; crop-rotation practices; and soil and other physical factors affecting the production of peanuts. Enter the adjusted acreage in Column 10 of the listing sheet prior to determining reserves and preparing the county summary.



*Raub Snyder*





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UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration  
Washington 25, D.C.

1953 Peanut Memo No. 9

December 29, 1952

To: Chairmen, PMA State Committees, Peanut-producing States  
Growers Peanut Cooperative Assn., Franklin, Virginia  
GFA Peanut Association, Camilla, Georgia  
Southwestern Peanut Growers Assn., Gorman, Texas  
Southeastern Peanut Assn., Americus, Georgia  
Southwestern Shellers Association, Durant, Oklahoma  
Virginia-Carolina Peanut Assn., Suffolk, Virginia  
Walter L. Randolph, Pres., Alabama Farm Bureau, Montgomery, Ala.  
H.L. Wingate, Pres., Georgia Farm Bureau, Pelham, Georgia  
Cyril G. Boyd, Florida Farm Bureau, Newberry, Florida

From: George L. Prichard, Director, Fats and Oils Branch

Subject: Discounts for Damaged Peanuts under the 1953 Price Support Program

At a recent meeting on the subject of the 1953 Peanut Price Support Program, it was recommended by State Committee representatives that a committee consisting of Mr. Gene Mills of Alabama, Mr. John Owens of Florida, Mr. R.E. Bolton of Georgia, Mr. Delton H. Harden of the GFA Peanut Association, and Mr. George Parks of this office would meet at a later date to develop recommended discounts for damage applicable to 1953-crop peanuts. The committee will be assisted by Mr. Herb Riley and Mr. John Curry from the Inspection Service.

We have not yet finally determined the time and place at which this committee will meet to discuss damage discounts, but it is tentatively planned that such meeting will be held in Georgia in late January.

State Committees represented at the meeting in Washington on December 16 and 17 agreed that recommendations on discounts for damage developed by Southeast representatives would be acceptable to other areas. Nevertheless, it is desirable that, prior to the meeting, we obtain from all State Committees factual information and recommendations to be assembled for presentation to the above-mentioned Committee. We would like information and recommendations from all peanut states and particularly the major peanut-producing states. It is also requested that Farm Organizations, peanut producers, Peanut Sheller Organizations and individual shellers who are interested in this question present their recommendations for the benefit of the committee. All recommendations should be submitted to this office not later than January 16, 1953 and should be accompanied by

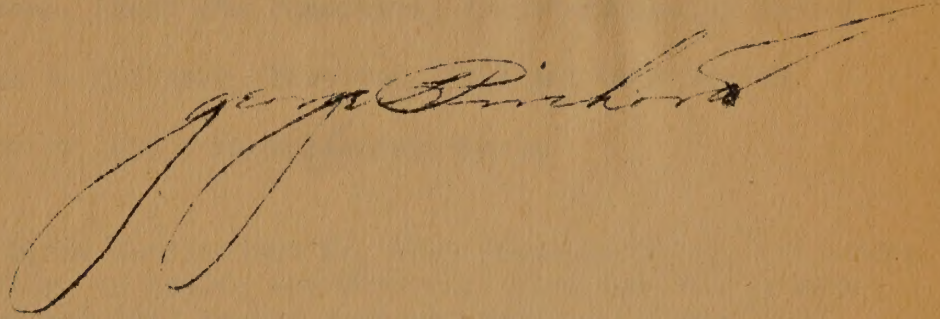




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a statement containing the basis for the recommendation and factual information relating thereto.

As soon as a definite time and place of meeting have been determined, you will be advised. It is not anticipated that the meeting will be an open one, but we would nevertheless welcome representatives from State PMA Committees, Farm Organizations, Shellers and any others having an interest in this problem who wish to present their recommendations in person to the committee.

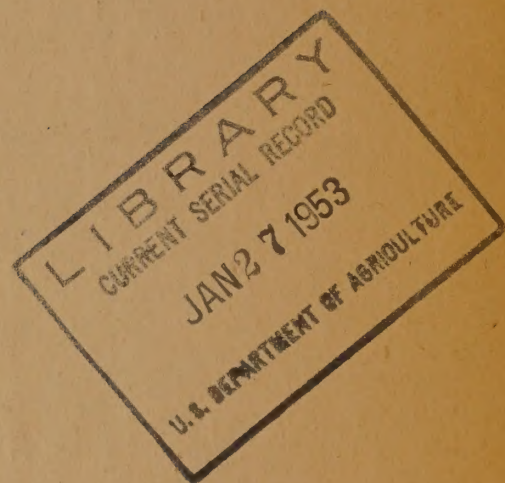
A handwritten signature in cursive script, appearing to read "George B. Dickson". The signature is written in dark ink and is positioned in the upper right quadrant of the page.



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UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration  
Washington 25, D. C.  
December 30, 1952

1953 PEANUT MEMO NO. 9

To: Chairman, State PMA Committee, Peanut-Producing States  
From: George L. Prichard, Director, Fats and Oils Branch  
Subject: Review of 1953 Peanut Listing Sheets

Section II, B, 6, of Instruction No. 1023 (Peanuts-53)-3, requires the State Committee to notify the Director, Fats and Oils Branch, of the date when the 1953 peanut listing sheets will have been received in the State Office.

We would like to have a representative of this Branch review the listing sheets with representatives of your staff prior to farm operators being notified of the 1953 allotments for their farms. Please advise as soon as possible of the approximate date that the listing sheets will be available for review.

At the time our representative is reviewing the listing sheets, he would also like to discuss peanut marketing quota violations with the person in your office who is in charge of the peanut marketing quota phase of the program.

